

FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

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The shape of aircraft in 1990s, Page 10

Asia	20	Indonesia	2500	Peru	100
Bahamas	100	Italy	1500	S. Africa	100
Belgium	100	Japan	1500	Singapore	100
Canada	100	Lebanon	100	Spain	100
Denmark	100	Lithuania	100	Sweden	100
France	100	Malaysia	100	Switzerland	100
Germany	100	Netherlands	100	Taiwan	100
Greece	100	Norway	100	Thailand	100
Hong Kong	100	Philippines	100	U.S.A.	100
India	100	Poland	100	U.K.	100

World news Business summary

Walesa slander charges dropped

Polish court authorities dropped criminal slander charges against Solidarity leader Lech Walesa at his trial yesterday, in a move he hailed as a first step towards compromise in Poland.

Walesa said later: "Reason has won out. This is the first step towards compromise since December 1981 when martial law was declared in Poland."

Walesa had told the court he never intended to slander anyone by publishing independent results of last autumn's parliamentary elections.

US ships off Libya
US Sixth Fleet warships took up positions north of Libya for four days of manoeuvres near the disputed Gulf of Sirte, which is claimed by Libyan leader Muammar Gaddafi.

Apartheid move
South African Government said it would end laws enforcing apartheid in restaurants, bars and liquor stores, though owners would still have the right to refuse service.

SDI invitation
The US has proposed that Soviet scientists visit American laboratories to inspect work on the SDI (Star Wars) project. US arms negotiator Donald Lovitt told the disarmament conference in Geneva, US priority, Page 3; Reagan optimistic, Page 7.

Iran claim rejected
Iran said its troops had seized the Iraqi oil terminal at Fas on the northern shores of the Gulf, just six miles from Kuwaiti territory. The claim was rejected by Iraq, which said it had recaptured the strategic Shatt al Arab island of Umm al Rasas, Page 4.

French offer
France offered former Haitian President Jean-Claude Duvalier temporary asylum on Friday after a lengthy telephone request from the US. French External Affairs Minister Roland Dumas said.

Suspects seized
Lebanese Christian militia members in Beirut seized 64 people whom they suspected of bombings that killed more than 30 people.

Banker's bail block
A West German court rejected bail for Count Ferdinand von Helldorf, the banker at the centre of the trial over the near-collapse of the SMH bank, only minutes after documents releasing him from prison had been signed.

Spanish accord
An agreement between Madrid and leaders of the Muslim communities in two Spanish garrisons on Morocco's Mediterranean coast has defused tension in both enclaves, Page 2.

Gandhi rethink
Indian Prime Minister Rajiv Gandhi has reconsidered his role as mediator in Sri Lanka's ethnic conflict and India has toughened its attitude to the Colombo Government, Page 4.

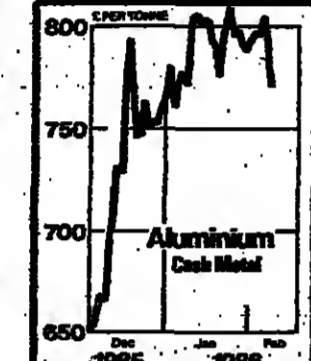
Bulgarians hit back
Bulgaria's war of words with Turkey over allegations by Ankara that it is persecuting its ethnic Turkish minority intensified with a sharp attack by the Bulgarian news agency, Page 2.

Call for fares cut
The EEC's economic and social committee called for lower European air fares through more competition among airlines but warned against the kind of deregulation seen in the US.

Israel attorney quits
Israel's attorney-general, Yitzhak Zamir, is to resign. He said that after seven-and-a-half years in the job it was time for a new minister.

Amstrad boosted by word processor

AMSTRAD, British computers and consumer electronics group, reported higher-than-expected pre-tax profits of £27.5m in the six months to December 31, about £7.5m more than it made in the whole of its last financial year, Page 18.



ALUMINIUM prices on the London Metal Exchange were weak, partly reflecting sterling's firmness. The cash quotation fell £18.50 to £770.50 a tonne, Page 32.

WALL STREET: at 3pm the Dow Jones industrial average was 3.56 down at 1,622.82, Page 40.

TOKYO: Market was closed for a national holiday, Hong Kong and Singapore also remained closed for the Chinese New Year celebrations. Institutions poised to return to Tokyo, Page 40.

LONDON: Stocks ended lower, depressed by the drop in North Sea oil prices. The FT-SE 100 share index dropped 7.5 to 1,453.9 and the FT Ordinary share index lost 3.9 to 1,919.4, Page 40.

DOLLAR was weak in London, falling to DM 2.3745 (DM 2.3855), SF 1.818 (SF 2.006), FF 1.2875 (FF 1.31) and Y187.35 (Y188.15). On Bank of England figures the dollar's index fell to 121.9 from 122.4, Page 33.

STERLING gained 35 points against the dollar in London to £1.412 but fell to DM 3.325 (DM 3.38), SF 2.1775 (SF 2.225), FF 1.029 (FF 1.0295) and Y284.5 (Y285.0). The pound's exchange rate index rose 0.1 to 74.2, Page 33.

GOLD fell \$4.00 on the London bullion market to \$338.00 and was \$4.90 lower in Zurich at \$335.35, Page 32.

EUROPEAN Commission is to call for the launch of a privately-financed investment company, to fund research in high technology within the EEC and close the gap with US and Japanese rivals.

IMF has taken a tougher-than-expected line with Peru, saying it must pay \$78m of arrears on its loans by April 15 or be declared ineligible to make further drawings, Page 7.

CBS, US broadcasting and entertainment group the share price of which continues to be buoyed by takeover speculation, reported a 22 per cent fall in 1985 income from continuing operations, Page 18.

AAP supermarket chain suspended sales of Tylenol after a New York woman died of cyanide poisoning after taking the Johnson & Johnson pain reliever, Page 7.

DAIMLER-BENZ, Leyland, Iveco and Steyr-Daimler-Puch have closed their heavy commercial vehicle assembly plants in Nigeria and Africa is operating at 30 per cent capacity because of a shortage of imported kits, Page 6.

PEMEX, Mexican state-oil concern, might recommend that a cut in its crude oil export prices be made before the end of this month, an official said.

AKZO, Dutch chemicals and fibres group, is seeking a new patent for its high-strength Aramid fibre in a move that could help get around a ban on exports of the fibre to the US.

Israel ecstatic as Shcharansky flies in from the cold

MR ANATOLY SHCHARANSKY, the Soviet-Jewish human rights activist, received an ecstatic welcome on his arrival in Israel last night after his release as part of an East-West exchange of prisoners in Berlin, writes Leslie Collis in Berlin.

Having flown via Frankfurt, where he was reunited with his wife, Avital, whom he had not seen since their marriage in 1974, Mr Shcharansky was greeted at Tel Aviv airport by Mr Shimon Peres, the Israeli Prime Minister.

The dissident, who had been detained for nine years in Soviet prisons and labour camps, had proved "that you can arrest a body but not a spirit," Mr Peres said.

"One must praise those who remain behind and continue to fight the attitude of the KGB... of the modern-day pharaohs," said Mr Shcharansky after making a "thank you" telephone call with Mr Peres to President Ronald Reagan.

In a ceremony which had been well publicised in advance by Moscow, Mr Shcharansky was freed in mid-morning, 25 minutes before the swap of eight convicted or suspected Western and Communist agents. The US had insisted on the dissident's prior release to mark its rejection of Soviet allegations that Mr Shcharansky was an American agent.

Mr Shcharansky was personally welcomed by Mr Richard Burt, the US Ambassador to West Germany, who stood with other Western and Eastern officials at the middle of Glienicke Bridge which links West Berlin with the East German city of Potsdam. It was the most highly publicised prisoner exchange on the

bridge since the swaps started in 1962 under a cloak of secrecy.

Smiling broadly and waving to reporters, Mr Shcharansky, aged 38, set off for Frankfurt and the reunion with his wife. After their marriage, she was allowed to emigrate to Israel and said the Soviet authorities had promised her husband would be allowed to follow in six months. But he was arrested in 1977 as one of the leaders of the unofficial Soviet human rights movement and sentenced in 1978 for 13 years as an alleged CIA agent. He spent the next eight years in Soviet labour camps and prisons.

The exchange itself was witnessed by dozens of reporters and cameramen on the western side of the bridge and was televised live in West Germany and the US. West Berlin policemen patrolled the adjacent snow-covered park while limousines and vans pulled up at both ends of the bridge. Normally it is closed to all but vehicles from Western military missions in Potsdam and Soviet military traffic.

Acting on meticulously planned directions, Ambassador Burt and Mr Francis Joseph Meehan, the US ambassador to East Germany, were driven from West Berlin to the white dividing line on the bridge. Mr Meehan got out and walked over to the eastern side where Mr Shcharansky was turned over to him.

A Mercedes Benz with East Berlin licence plates also drove on to the bridge from the western side. It carried the most important negotiator in the prisoner exchange, the smiling Mr Wolfgang Vogel, an East Berlin lawyer. He and Mr Ludwig

Rehlinger, State Secretary in Bonn's Ministry of Inner German Affairs, who negotiated the exchange for months, supervised the exchange of the eight convicted and suspected agents. The prisoners were transferred into East German and US vans parked on the bridge.

Andrew Whitely writes from Jerusalem: President Chaim Herzog, praising Mr Shcharansky as "a symbol of all freedom and human rights fighters throughout the world," said he wished to thank in particular US President Ronald Reagan and Mr George S. Shultz, US Secretary of State, for their efforts in securing his release.

Leading Israeli politicians said they did not expect the release of the prominent Jewish dissident to presage a change in Soviet policy towards large-scale Jewish emigration. "We must not forget that our struggle is for the hundreds of thousands who remain behind," Mr Yitzhak Shamir, the Foreign Minister, declared.

In recent weeks Israel has softened its stand on Soviet participation in a possible international conference on the Palestinian question. Instead of insisting on the prior restoration of diplomatic relations with Israel by the Soviet Union, the Peres Government is linking its agreement closer to a relaxation of Soviet restrictions on Jewish emigration.

The release of Mr Shcharansky, after a long campaign led by his wife, now an Israeli citizen, is

Continued on Page 18
Spy swap specialist, Page 9

Westland rescue may depend on 20% held by 6 mystery buyers

BY LIONEL BARBER IN LONDON

SIX MYSTERY shareholders, three represented by Swiss banks, control 20 per cent of Westland, giving them a decisive influence on today's shareholders' meeting which will vote on the ailing British helicopter maker's future.

The six shareholders emerged in a preliminary inquiry by the London Stock Exchange into share dealing in Westland last month. It means that, along with shareholders pledged to back either the European consortium rescue plan or the rival Sikorsky/Fiat offer, the future of the company rests in 12 hands.

The stock exchange inquiry revealed that 60 per cent of Westland's equity changed hands last month in a series of separate transactions. A three-man committee, headed by Mr Peter Wills, a former deputy chairman of the stock exchange, is to investigate whether any of the buying was carried out in concert with supporters of the rival camps.

Sir John Cuckney, Westland's chairman, said last night that he did not know the identity of the mystery buyers. "It is astonishing," he said.

Mr David Horne, managing director of Lloyds Merchant Bank, advising the European aerospace consortium, said: "Mrs Thatcher (the UK Prime Minister) said that the future of Westland was a matter for shareholders. But this is not the shareholders deciding, it is in the hands of people who refuse to say who or what their motives are."

Mr Michael Heseltine, the former British Defence Secretary who resigned last month after a cabinet row over Westland, called for an adjournment of today's shareholders' meeting. "I think this is quite unacceptable that a significant part of the defence industries of this country should be under the control of people who are not identified."

Sir John said there was no question of adjourning the meeting or of preventing the mystery buyers from voting on the Westland board's favoured rescue plans from Sikorsky, the US helicopter maker, and Fiat of Italy. The rescue requires a simple majority.

Most of the mystery buyers are believed to have entered the market after last month's extraordinary general meeting of shareholders to vote on an earlier Sikorsky/Fiat rescue. The plan, requiring a 75 per cent

majority, failed. There followed a period of hectic buying, as both the European consortium and Sikorsky attempted to garner enough shares and votes to swing today's meeting.

Much of the buying was carried out through Rowe & Pitman, who are also Westland's brokers. But two other brokers, Strickson, Vickers, and Hoare Govett, acting for the consortium, were also involved; the stock exchange inquiries revealed.

The stock exchange team has kept in regular contact with the Takeover Panel during its wide-ranging investigation. One of its aims has been to establish whether any of the unidentified buyers was acting in concert with the other main shareholders who comprise Mr Alan Bristow, Hanson Trust, the UK industrial holding company or Sikorsky. So far they have not been able to prove the case either way.

Sir John said he had asked United Technologies, the US conglomerate and parent of Sikorsky, on a number of occasions whether it controlled more than 10 per cent of Westland. "The answer was no," he said.

On Monday, the European consortium which comprises British Aerospace, GEC, Agusta of Italy, Aerospaciale, and Messerschmitt-Bölow-Blohm, declared that a tender offer of 130p per share to shareholders had failed.

Continued on Page 18
Helicopter sights contract, Page 18
Lex, Page 18

Kodak plans to trim workforce by 10%

BY PAUL TAYLOR IN NEW YORK

EASTMAN KODAK, the world's largest photographic products group, said yesterday that it planned to trim its 128,950-strong worldwide workforce by 10 per cent this year as part of a four-point "strategy to reduce its costs."

The Rochester, New York-based group, which once had a reputation as a job-for-life employer, said that the steps announced yesterday were necessary to contain rapidly rising costs.

In addition to the job cuts, Kodak will: ● Reduce budgets by 5 per cent with immediate effect; ● Eliminate merit increases for 130 top managers; and ● Review employee wage dividends, which at present are based on the cash dividend paid to shareholders.

Kodak's shares were down 5 1/2% at \$49 1/2 in heavy trading after the announcement.

Mr Colby Chandler, Kodak's chairman and chief executive, said that the action was "unpleasant but unavoidable in view of an intensifying competitive environment and the relentless pressure of rising costs."

Pickens bids \$199m for US gas company

By William Hall in New York

MR T. BOONE PICKENS, the US corporate raider who has been keeping a low profile for almost a year since he lost a takeover battle for Unocal, the West Coast oil company, has re-emerged on the takeover trail and is making a \$199m bid for KN Energy, a small Kansas natural gas company.

Mesa Limited Partners is offering \$22 per share for KN Energy and says that combining KN's transmission and distribution assets with Mesa's production assets is "highly attractive."

This is the second time that Mr Pickens has made a bid for KN Energy and there had been speculation on Wall Street that he was planning an agreed bid for the company whose shares have fallen heavily since the onset of the slump in the US energy industry. However, Mesa said yesterday that it had tried on several occasions to meet KN Energy representatives but had been unsuccessful.

In New York, KN Energy shares jumped 3 1/2% to \$22 1/2 in early trading yesterday. KN Energy defeated Mr Pickens last time by spinning off its petroleum operations to its shareholders.



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EUROPEAN NEWS

Madrid calms Moslem fears in Spain's North African enclaves

BY TOM BURNS IN MADRID

AN AGREEMENT between the Madrid Government and leaders of the Moslem communities in the Spanish garrison towns of Ceuta and Melilla on Morocco's Mediterranean coast has served to defuse growing tension in both enclaves over the implementation of a new aliens law. It has averted, for the time being, fears of a confrontation with the Rabat Government.

The accord, which followed talks here on Monday at the Interior Ministry, includes the creation of a joint committee formed by Moslem representatives and Madrid officials which will study solutions favouring the full integration into Spanish society of the Moslem residents in national territory.

Last month, strikes and clashes with riot police were reported in Ceuta and Melilla as Moslems protested against the legislation on the grounds that it denied them Spanish nationality and made them subject to expulsion from the enclaves.

In Melilla, only 7,000 Moslems among a community estimated at 27,000 have Spanish nationality and enjoy full civic rights. The situation is similar in Ceuta which is situated across the Straits of Gibraltar. The two enclaves have been held by Spain since the 15th century. The unrest was closely monitored by the Moroccan media and reignited longstanding



demands for their incorporation into Morocco. Although Madrid officials say staunchly that the issue is an entirely different one, Morocco's claims to Ceuta and Melilla mirror Spain's on British-held Gibraltar.

At the weekend, Mr Mohamed Bucetta, leader of Morocco's opposition party, Istiqlal, and a former Foreign Minister, staged a political rally in the town of Nador, just beyond Melilla's 3.6 square mile municipality and promised to "liberate Ceuta and Melilla whatever the cost."

Mr Bucetta compared Spain's treatment of Moslem residents in the enclaves with the lot of blacks in South Africa and of Palestinians in Israel. He said he did not discount a new "green march"—a reference to the huge mobilisation organised by King Hassan in 1975 which

led to Spain's withdrawal from the Western Sahara and the annexation of the territory by Morocco.

Spanish Foreign Ministry officials played down the implications of the Nador meeting yesterday, stressing that Mr Bucetta was now in opposition and that the chief interest of both the Madrid and Rabat governments was to maintain friendly relations.

The agreement with the Moslem community, leaders included among other points an undertaking to speed up the acquisition of Spanish nationality for those residents who meet the required conditions and a promise to improve the housing and services in the enclaves.

Mr Aomar Duda, leader of the Melilla Moslems and a prominent organiser of the protest movement, said he was satisfied with the talks and that there would be no further demonstrations.

The agreement could, however, come under fire from peninsular Spaniards in the enclaves who have opposed the extension of Spanish nationality to Moslems, as well as from Rabat, since the Moroccan Government disputes Madrid's description of the towns as "national territory" and has no declared interest in the "full integration" of Moslem residents into Spanish society.

Laura Raun reports on implications of energy price changes for the Dutch budget

Gas revenue fall worries Netherlands

A SHARP fall in natural gas revenue expected this year has provoked a major debate in the Netherlands following the fall in the oil price to which gas is linked.

Gas fills more than half of the Netherlands' energy needs and provides more than one-tenth of all state income. Revenue even before recent events in the oil market had been predicted to fall by 25 per cent to Fl 17.9bn (£4.7bn) this year due to the weaker dollar, lower exports and higher production costs. The Netherlands produces 1,800 trillion (million million) metres of gas per day.

The collapse of oil prices now means that only Fl 18bn will flow into the state's coffers, 8 per cent of total income. That is likely to drop again to Fl 12.5bn next year, the smallest amount since 1979.

Mr Ruud Lubbers, the Dutch Prime Minister, recently warned that fresh cuts in Government spending—and possibly tax increases—would be needed next year to fill the gaping hole left in the budget.

The Liberal Party, the junior partner in the governing centre-right coalition, and employers' associations accused Mr Lubbers of playing "panic football" and argued that a closer look at public finances would show no need for higher taxes.

The opposition Labour Party contends that industry will profit most from lower energy

prices and thus should bear the budget burden by losing its subsidies on gas, investment or stocks.

Mr Lubbers faces a general election on May 21, and his statement may have been designed to get an idea of public opinion on budget policy.

At least an extra Fl 5bn, or 2.7 per cent of total state income, will be needed next year to keep the budget deficit from widening and perhaps twice that much to narrow it, according to Mr Lubbers. Without any offsetting measures, the deficit could jump from an expected 7 per cent of net national income this year to 9 per cent next year.

Not surprisingly, the picture for this election year is brighter than previously forecast. The 7 per cent budget shortfall is even smaller than originally promised by the Christian Democratic-Liberal coalition when it entered office in November 1982.

Mr Lubbers' figures for 1987 were too hasty, according to employers' associations, who argue that cheaper energy prices could stimulate economic growth by a percentage point to around 3 per cent, which in turn would generate more tax revenue.

Dutch industry argues that it will gain little from lower energy costs because competitors in neighbouring countries, which import a lot of Dutch gas, will also benefit from lower



Mr Ruud Lubbers... testing public opinion

prices. Moreover, the 20 largest companies get an energy subsidy under a special regulation that expires next year.

Petential and relatively cheap gas has fuelled the growth of energy-intensive sectors such as oil refining, chemicals and food

processing, which dominate Dutch industry.

The outlook for gas prices and public finances may be clearer when Mr H. Onno Ruding, the Dutch Finance Minister, presents a broad sketch of the 1987 budget next month.

The political campaign in the run-up to the May elections could also clarify the picture as the parties present their platforms to the voters.

A more fundamental question in the debate is whether sufficient preparations are being made for the day when the resource runs out in about 25 years. Mr J. J. Kromers, a Dutch economist at Oxford's Nuffield College, and others warn that public finances must be completely overhauled because most of the gas revenue has been spent on consumption, not investment.

Since the huge Groningen gas fields were discovered in 1959, most of its earnings has been used for welfare and social security benefits.

The Government's policy of conservation, diversification and limitations on exports of the gas has worked so well that reserves estimates have been raised and Gasunie the national gas utility, has expressed concern over the country's shrinking share of the European gas market.

port contracts, which account for nearly half of the Fl 70.6bn annual sales, and charge more market-related prices instead of premium ones. The Dutch previously felt the their reliance on a flexible delivery capacity permitted premium prices.

The medium-term question is whether the Netherlands will be able to pay for its public sector, which accounts for two-thirds of Gross Domestic Product, without constantly growing tax income. A significant rise in gas prices seems unlikely before the 1990s, when Gasunie expects the current European glut to abate.

Mr Ruding was among the first to highlight the gas problem as part of his constant scrutiny of the budget. Always an opponent of deficit financing, he has warned that national debt will exceed Gross National Product by 1994 if Government borrowing continues apace.

Mr Lubbers is gambling that voters want Government spending brought under control so that heavy taxes and social security premiums eventually can be reduced. The austerity policies of the past few years have meant sacrifice for welfare recipients, civil servants and Government Ministers but no severe hardship.

No embarrassing soup kitchens or shanty towns have sprung up and the high standard of living in which the Dutch have become accustomed seems quite likely to continue, with or without gas.

Competition from Norway, the Soviet Union and Algeria prompted the Dutch to extend into the next century their ex-

BIS to act as clearing house for Ecu business

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT

THE BASLE-BASED Bank for International Settlements yesterday agreed to act as a central clearing house for its proposed system for settling commercial banking business denominated in Ecu, the currency unit of the EEC.

A spokesman said that following approval in principle by its board yesterday, BIS would shortly sign a formal agreement with commercial banks involved, paving the way for the system to begin operating in the first quarter of this year.

To clearing system is expected to stimulate further growth of banking transactions in Ecu, which have increased dramatically in popularity in recent years.

Under the system, to BIS, which is owned by the world's

leading central banks, will operate clearing accounts initially for seven commercial banks involved in Ecu settlements. Later, the number of clearers could be expanded to a maximum of 50.

Bankers believe that, despite the Ecu's opacity, business growth has been hampered by the lack of a central clearing system which means that settlement of transactions has been cumbersome.

The seven commercial banks involved initially are: Banque Paribas, Generale Bank, and Kredietbank of Brussels; Lloyd's Bank of London; Credit Lyonnais of Paris; Kredietbank Luxembourg; and Intesa, Banco di San Paolo di Torino of Italy.

Turkey seeks advice on restructuring industries

BY DAVID BARNHARD IN ANKARA

TURKEY IS commissioning four new international consultancy reports on restructuring its pulp and paper, engineering, mining and electronics industries, say officials at the state planning organisation. They will follow others on the privatisation of Turkish Airlines, and the cement, textiles and fertiliser industries.

Unlike those earlier reports, however, the new studies will look at the restructuring of an entire sector and will cover private and public enterprises.

Six foreign consultancy firms will be invited to bid for each report and will be expected to work with a Turkish partner. "The intention is that they should help in the development of local skills in Turkey," an official said.

Advisory groups have already been formed between government and industry to consider each sector's future. "It is clear that Turkish industry has to adjust. What we are trying to do now is to find the export and long-term potential of each sector," said the official.

The sectors involved cover several very large state-owned concerns such as the paper manufacturer, Saka, the state

mining agency Etibank, and the state electronics corporation, Testas. Several of these are thought to be candidates for eventual privatisation, they can overcome their internal problems which range from bad management and inadequate accounting practices to outdated plant and equipment.

The potential for their privatisation is being reviewed in a masterplan drawn up by Morgan Guaranty of New York which recently submitted a preliminary report to the Government.

A high-level co-ordination council will review progress towards privatisation and restructuring in each sector and will take the final decisions.

The Government's original emphasis on privatisation seems to have deepened into a more complex effort to reorganise the major sectors of Turkish industry. In both the private and public sector, the work on the engineering industry, for example, will include Turkey's fledgling motor industry which consists of 22 small subsidiaries of international corporations competing in the tiny Turkish market.

Bulgaria reacts angrily to Ankara 'hostile campaign'

BY PATRICK BLIM IN VIENNA

BULGARIA'S war of words with Turkey over allegations that it is persecuting its ethnic Turkish minority intensified yesterday with a sharp attack by BTA, the official Bulgarian news agency.

In what is described as an authorised declaration, the agency rejected as "malicious fabrications" Turkish claims about "coercion, casualties, demolished mosques and encroachments on the Moslem religion" and accused the Turkish Government of carrying out a hostile campaign to damage Bulgaria's prestige.

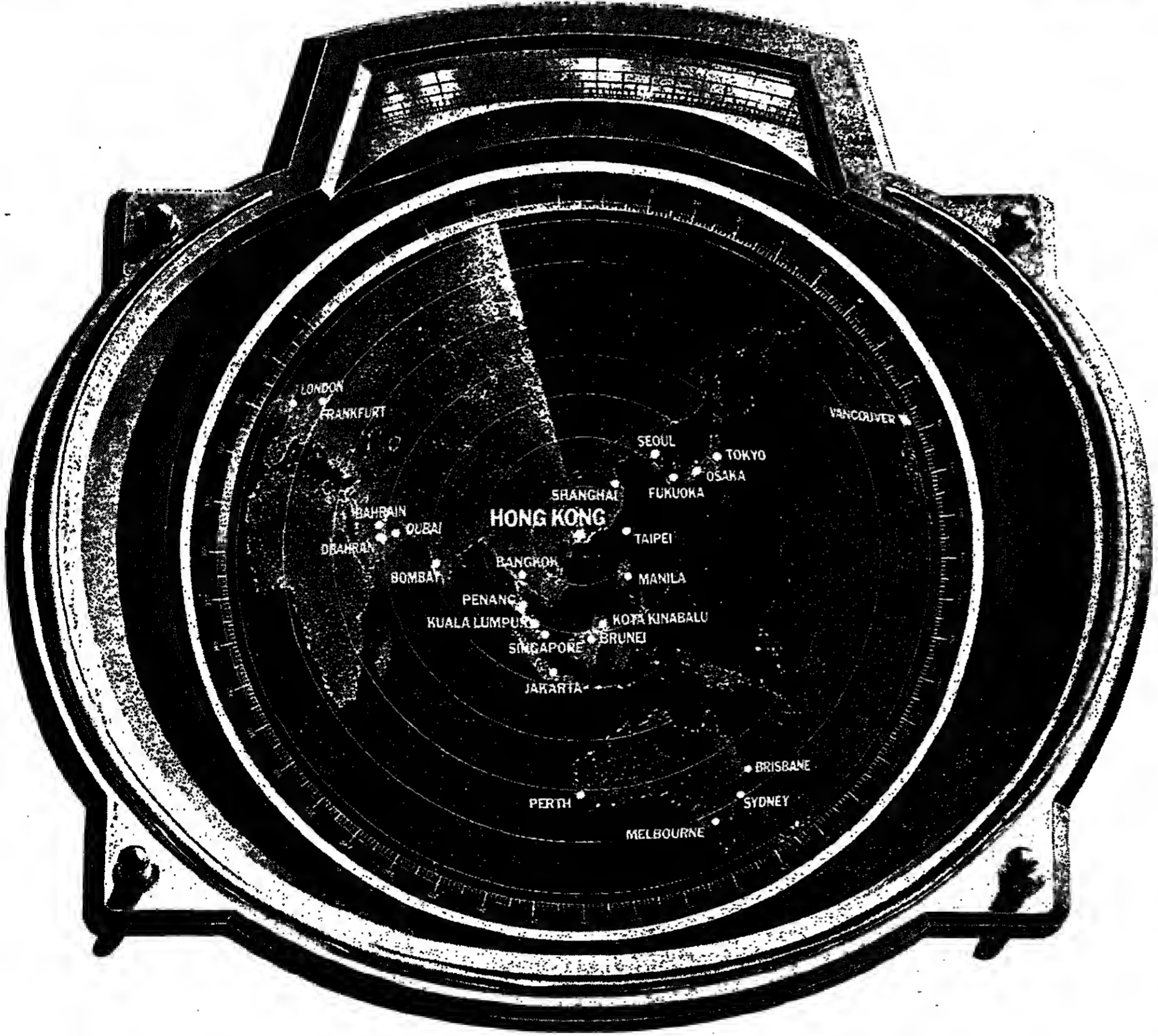
Relations between the two countries have been poor following widespread press reports and accusations by Turkish diplomats that Bulgaria's estimated 800,000 ethnic Turks were subjected to a systematic campaign of repression to force them to change their names to Bulgarian ones last year.

Clashes between the Bulgarian security forces and ethnic Turks are reported to have led to heavy loss of life among Bulgarian Moslem Turkish minority.

Western diplomats in Sofia suggest that the declaration

may have been prompted by the decision at an Arab League meeting in Morocco last month to set up a special committee to examine the allegations and report back on its findings following heavy lobbying by Turkey. Bulgaria has close ties with radical Arab states and can which could be damaged by Turkey's allegations.

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EUROPEAN NEWS

Walesa slander case dropped

THE POLISH authorities yesterday backed away from a confrontation in court with Mr Lech Walesa, the Solidarity leader, over the validity of last autumn's parliamentary elections.

East Berlin spy-swap specialist prepares way for Shcharansky

BY LESLIE COULT IN BERLIN

DR WOLFGANG VOGEL, the East Berlin lawyer who helped negotiate the release yesterday of Mr Anatoly Shcharansky, the Soviet dissident, calls himself an "honest broker" between East and West.



Dr Wolfgang Vogel: "honest broker"

Dr Vogel first came to public attention in 1962 when he negotiated the exchange of Francis Gary Powers, the pilot of the US U-2 surveillance aircraft shot down over the Soviet Union.



Mr Anatoly Shcharansky (left) walks to freedom across Berlin's Glienicker Bridge with the US ambassador to Bonn, Mr Richard Bart.

US puts priority on chemical weapons ban

BY WILLIAM DULLFORCE IN GENEVA

THE US is giving greater priority to prohibiting chemical weapons than to banning nuclear tests. A nuclear test ban was an objective to be achieved "in due course", Mr Donald Lovitz, the US representative, told the United Nations Conference on Disarmament here yesterday.

Younger breaks the ice

By Bridget Bloom

MR GEORGE YOUNGER, Britain's Defence Secretary, is to meet Dr Manfred Woerner, his counterpart in Bonn on Monday. It will be the British minister's first encounter with one of his European colleagues since he took office following Mr Michael Heseltine's resignation nearly five weeks ago.

Netherlands arms talks for Nitze

By Laura Rasm in Amsterdam

MR PAUL NITZE, the US President's arms control adviser, briefed Dutch leaders today on the Geneva disarmament talks and the Soviet proposal for a nuclear-free world.

Belgian coalition likely to win decree law powers

BY PAUL CHESBRIGHT IN BRUSSELS

BELGIUM'S NEW centre-right coalition Government has jumped the first crucial parliamentary hurdle in its attempt to win special powers for running the economy by decree.

angrily campaign

THE ruling parties - Christian Democrats and Liberals from both sides of Belgium's linguistic frontier - strengthened their position at a general election last October.



Before we developed a computer system for the police, we looked at their customers.

When Surrey Police were looking for a computer they made (not surprisingly) a thorough investigation. They interviewed a number of different computer companies but they chose Burroughs' B20 Series.

local Incident Room on four major investigations. One such case was the search for the M4 rapist, which involved clusters of B20's in two constabularies linked to the Police National Computer.

his name four times but he won't change his face, or the colour of his eyes.) However, the proof of the pudding for John Evans is this: "As a cynical policeman, the great advantage for me is that operational detectives now actually want the system."



OVERSEAS NEWS

Buthelezi rejects reform proposal

BY JIM JONES IN JOHANNESBURG

CHIEF Gatsha Buthelezi, the Zulu leader, has distanced himself from proposed talks with President P. W. Botha's government on South Africa's future.

Last Friday President Botha publicly repudiated a statement by Mr P. W. Botha, the Foreign Minister, that it would be possible for South Africa to have a black state president. This repudiation, Chief Buthelezi said, had left black South Africans aghast.

He added that it made parti-

icipation in the National statutory council, proposed two weeks ago by President Botha, extremely difficult for black leaders.

"At this stage, in the wake of the state president's outburst on Friday, I would not even attempt to seek a mandate from black South Africans to participate in the National Statutory Council."

President Botha proposed the formation of a national statutory council to resolve black and white differences in

his January 29 speech at the opening of parliament. He had been counting on Chief Buthelezi to be an influential participant in the council.

Chief Buthelezi initially responded positively to President Botha's parliamentary opening speech, calling its reform proposals "a courageous break with the past." However, Chief Buthelezi says he now wonders whether there has been a break.

"The state president's outburst against Mr P. W. Botha gives us reason to believe that

he has not told South Africa where he is leading the country because, if he did, it would be totally unacceptable to blacks," Chief Buthelezi said.

He added that an unequivocal statement from President Botha that the Population Registration Act and the Group Areas Act were to be abolished was now expected by black South Africans. These two acts, which define South Africans' racial groupings and which prescribe where they can live, are fundamental to apartheid.

Stephanie Gray reports on efforts to reduce reliance on Pretoria Southern Africa wins donor backing

WHEN MINISTERS from nine southern African countries met in Harare recently to review their economic performance over the last five years, the reports before them expressed some grounds for optimism.

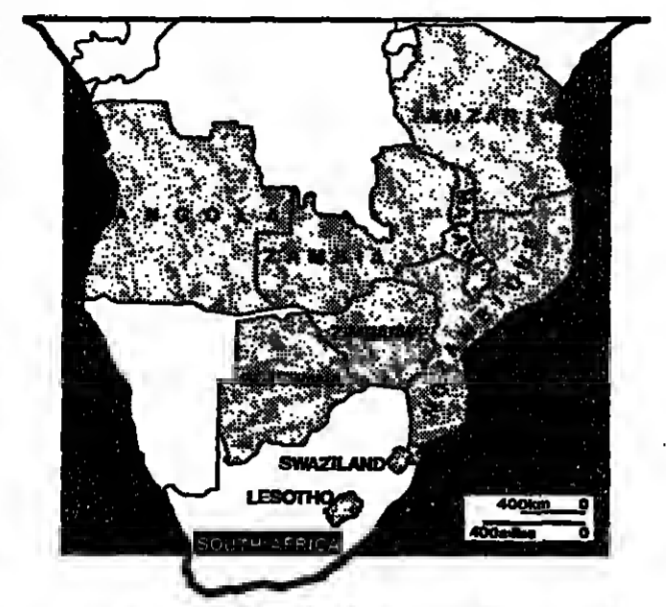
The nine are all members of the Southern African Development Co-ordination Conference (SADCC) which was set up in 1980 with the aim of reducing their almost total economic dependence on South Africa.

The good news included the end of the drought in the area, and the support from Britain, the US and the World Bank for the group's projects, if not its political ambitions. More than \$1bn has been raised toward the cost of almost 400 schemes.

Of the \$1bn secured so far (a further \$1.5bn is under negotiation) some \$730m is going towards transport and communications, mainly the Beira-Salapa, Maputo and Beira rail corridors and ports. A sum of \$108m is slated for agriculture, \$41m for energy and \$220m for industry. The total cost of all the projects is put at about \$5bn, of which \$4bn is to come from outside the group.

The overwhelming reality, however, is that the SADCC states — Angola, Botswana, Lesotho, Malawi, Mozambique, Swaziland, Tanzania, Zambia and Zimbabwe — have been running fast to stay in the same place.

Six of the nine countries are landlocked and rely heavily on South African rail routes for their trade. Alternative routes, particularly through Mozambique, for which Western donors have pledged millions of dollars in aid, are subject to constant sabotage.



Progress on economic disengagement has also been hampered by the SADCC's decentralised system, under which energy, transport, communications, agriculture and manpower management is devolved to member states. Decisions are made by consensus. The process is slow and donor countries have made plain their irritation at the snail's pace at which their funds have been used.

Modest progress was reported to the conference in the areas of agriculture, small energy projects and telecommunications, but it was overshadowed by continuing unrest within South Africa's borders and ever more strident calls for sanctions against the apartheid regime.

For the first time, Eastern Europeans, always more ready with military assistance than hard cash, were present as were representatives of the African National Congress, the South-West Africa People's Organisation (Swapo) and the Pan African Congress.

Such overt politicisation was clearly due to the unrest in South Africa and the improved prospects of meaningful Western sanctions being imposed against the republic. Such action would seriously damage the economies of the front-line states, especially if South Africa retaliated. Swaziland, Malawi and the newly installed Lesotho Government, either publicly or implicitly oppose sanctions.

The majority of SADCC states, however, argue that the cost of sanctions is less than that of the destabilisation. If sanctions were to bring forward a political solution, the longer-term benefits would outweigh the short-term costs.

Those that are operational are in such bad repair that their use is limited.

SADCC's secretariat in Gaborone estimates that South African or South African-backed aggression has over the past five years cost the countries \$10m. Of that sum, \$3bn has had to go on extra defence spending. Zimbabwe's army, for instance, plays a big role in guarding Mozambique's rail routes and power supply against attacks by the rebel Mozambique National Resistance (MNR).

Mozambique and Angola have suffered the most war damage and the highest military costs, despite Maputo's peace agreement with Pretoria under which members of the banned African National Congress were to be

expelled in return for South Africa's pledge to halt support for the MNR.

Apart from South Africa's military interventions in five SADCC states last year, the countries' economies were hard hit by the progressive decline during 1984 and the sudden collapse last September of the South African currency.

The precipitous fall in the rand cheapened the prices of South African goods, which compete with both domestic production and intra-SADCC exports. The same is true in respect of services.

At the same time, those SADCC states which export to South Africa faced loss of markets and lower returns on remaining sales while the value of remittances from migrant labour forces fell sharply.

Egyptian economic crisis grows more acute

By Tony Walker in Cairo

THE ARREST of more than 100 workers in a Nile Delta town at the weekend after more than two days of agitation for pay increases, was an ominous sign for the Egyptian Government, caught between an economic crisis which is daily becoming more acute.

The slide in oil prices is disastrous for Egypt at a time when all its other sources of hard currency are under severe pressure. Egypt has slashed oil production by more than 200,000 barrels a day, or about 20 per cent of output, from a figure of around 870,000 barrels a day. Oil income reached \$2bn (£1.4bn) in fiscal 1984-85. Production cuts plus the effects of the price slump may well leave all revenues at a time when Egypt is encountering critical balance of payments and debt service problems.

General Ahmed Rabehi, the Interior Minister, said on Monday that the 111 workers arrested at a textile factory at Mehalla north of Cairo, were "known elements of extremist bodies." He added: "Egypt will not allow these elements to obstruct work, lower production and destroy our economy... It is a crime unacceptable under the present circumstances."

His warning mirrors those issued on several occasions recently by President Hosni Mubarak, who made it clear that the government's patience was wearing thin.

The semi official press has this week been preparing the ground for "unpalatable measures in the face of the looming economic crisis." The editor of the mass circulation al-Akhbar newspaper, in a front page editorial, said that Egyptians would have to consider sacrifices to cope with worsening economic circumstances.

Egypt's trade deficit, according to a preliminary estimate, reached a staggering \$7.7bn in 1984-85. Its foreign debt is set by \$32.5bn or about 35 per cent of current account receipts.

Foreign bankers are now saying there appears little alternative to a comprehensive restructuring programme for Egypt which is arrears to many of its creditors.

Added to Egypt's economic difficulties, are apparent political differences within the administration over economic policy. Dr Ali Laidi, the new Prime Minister, is understood to be having a hard time persuading cabinet colleagues, with vivid memories of 1977 food price riots, of the need for potentially unpopular economic measures.

Iran claims seizure of Iraq oil port six miles from Kuwait

By Kathleen Evans in Kuwait

IRAN SAID its troops had seized the old Iraqi oil terminal at Fao on the northern shores of the Gulf yesterday, just six miles away from Kuwait territory.

Iraq has rejected the claim, saying that its counter-offensive had left thousands of enemy corpses floating in the Shatt al Arab waterway. Baghdad officials said that its forces had recaptured the island of Umm al Bassa, which the Iranians claimed they had taken two days ago.

The Iraqi oil port of Fao faces the Khor Abdullah waterway which separates Iraqi territory from the Kuwaiti island of Bubiyan. The Iranian claim was made during a mass rally in Tehran by Iranian President Ali Khamenei who warned Kuwait not to allow Iraqi troops to use Bubiyan Island. He said that Iran had despatched an envoy to discuss the matter with Kuwait.

"I have sent an envoy to Kuwait," President Khamenei said. "He will tell them if you cannot resist the Iraqis and stop their aggression in Bubiyan, we cannot tolerate the enemy behind us, and we will have to defend ourselves with strength."

A military spokesman later told IRNA, the Iranian official news agency, that "the Islamic Republic has no intention of intervening in the affairs of its neighbours" in an apparent reference to Kuwait.

Kuwait city, just 50 miles from the fighting, is quiet, but alert to the dangers of the cur-

rent Iranian offensive. The Kuwait Government, together with the country's parliament, expressed alarm over the latest offensive by Iran and said that it would increase the possibility of superpower intervention in the region.

Western diplomats discounted the possibility, however, of Kuwait asking the US to intervene should the Iranian troops get nearer.

Kuwait is linked in a loose security agreement with its Gulf neighbours and it is a member of the Gulf Rapid Deployment Force.

Bubiyan Island has long been a foreign policy problem for Kuwait. Iraq has historically laid claim to the island and made frequent requests to Kuwait to allow military facilities to be based there.

Baghdad has argued that they need the island to protect their naval base at Umm Qasr. Yesterday, President Khamenei claimed that Iranian troops were overlooking the oil loading jetties at Umm Qasr.

The capture of Fao would represent the biggest Iranian victory since the beginning of the war. Foreign military attaches in Tehran said that Fao contained a dispersed air base in addition to "bombed-out oil facilities."

Observers believe that the attack on Fao might be an attempt by the Iranians to draw Iraqi troops south of Iraq's second city of Basra and enlarge the front as a preliminary to a much larger operation.

Gandhi reconsiders role over Sri Lanka

By Mervyn de Silva in Colombo

INDIA is taking an increasingly tough stance over Sri Lanka's ethnic crisis, with Indian Prime Minister Rajiv Gandhi reconsidering his role as mediator in the conflict.

Mr Gandhi told a news conference on Monday in Male, capital of the Maldives Islands, that "the Sri Lankan Government should let us know whether it was really interested in the initiative India has taken."

He was speaking in the presence of his Foreign Minister, Mr Romesh Bhandari, the key negotiator between Sri Lanka and expatriate Tamil separatists and who recently cancelled a short notice a three-day trip to Colombo.

While Mr Gandhi was visiting the Maldives, the island archipelago republic south of Sri Lanka, Mr Juman Jayawardene, the Sri Lankan President, and Mr Lalith Athulthumudali, his National Security Minister, were both receiving unusually blunt messages through normal diplomatic channels. These were obviously the result of a major policy review in India.

The Sri Lankan Government has been told of the growing Indian conviction that its first victory, least in Sri Lanka's Eastern Province if not in the Tamil north, India has invited Sri Lanka to go ahead with its military plans if it thought that its aims were attainable. In the meantime, India would not initiate anything in its role as mediator.

India has also argued itself out of the Sri Lankan demand for a crackdown on the Madras-based separatist guerrilla groups. President Jayawardene has repeatedly reminded Mr Gandhi of his own appeals to foreign governments on Sikh extremists. Delhi has now replied, in the direct consequence of the grievances and frustration of the entire Tamil community, which enjoys great sympathy and support in an important state of India ("Tamilnad"). The Indian Government could not afford to alienate the state.

Pressed by Sri Lanka to reaffirm India's commitment to Sri Lanka's unity and territorial integrity, India did so, but with a new qualifying phrase. India would defend "the island's integrity but, not at the risk of India's own unity and integrity."

Extremists kill moderate Sikh as attacks increase

By John Elliott in New Delhi

EXTREMISTS in the northern Indian state of Punjab have at about five killings a week assassinations in recent weeks and the total number of people killed in individual attacks has risen to nearly 100 since state elections last September.

Yesterday, Mr Daljit Singh, a 60-year-old leader of the Sikh moderate Akali Dal Party which won the elections, was shot dead.

Such assassinations, usually attributed to Sikh extremists,

are now taking place almost daily. The average is running at about five killings a week compared with the death toll two years ago when the Punjab was approaching its worst crises.

The situation is causing growing concern for the central Government of Mr Rajiv Gandhi, Prime Minister. It means that hopes have not been realised of the Sikhs' Akali Dal Government maintaining control of the state.



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UK confirms Nigeria post

BRITAIN will send a new High Commissioner, Mr Martin Evans, to Nigeria at the end of the month, the Foreign Office confirmed yesterday, writes our foreign staff.

Gen Ibrahim Babangida, the Nigerian President, said on Monday that his Government was in the process of nominating its own representative to London.

It will be the first time that a British High Commissioner has served in Nigeria in more than a year and a half. Both countries withdrew their chief representatives in the former that followed the abortive kidnapping attempt in London in July 1984 of a prominent Nigerian exile wanted by the Nigerian authorities at the time.

Hawke orders fuel price study

Australian Prime Minister Bob Hawke has appointed a five-member cabinet committee to study demands, particularly by farmers, for lower fuel prices, government officials said, Reuters reports.

They said the Government would lose \$1bn a year if the committee recommends that consumers receive the full benefit of the recent fall in oil prices. Lower prices would also pose serious budgetary difficulties and may curtail oil exploration and development in Australia, they said.

Notice of Redemption TO HOLDERS OF

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Pursuant to the provisions of the Indenture dated as of March 15, 1982 (as supplemented), among Burroughs International Finance N.V. (the "Company"), Burroughs Corporation (the "Guarantor") and Chemical Bank (the "Trustee") (the "Indenture"), the Company hereby calls for redemption on March 15, 1986 (the "Redemption Date") all of its outstanding 15% Guaranteed Notes due 1988 (the "Notes"), at the price of 101% of the principal amount thereof (the "Redemption Price"). The aforementioned redemption is an optional redemption permitted by Section 1001 of the Indenture.

On and after the Redemption Date, the Notes will become due and payable upon presentation and surrender thereof, with all coupons maturing subsequent to March 15, 1986 attached, either at the office of the Paying Agent, Chemical Bank, 55 Water Street, New York, New York 10041 or at the main offices of Chemical Bank in Frankfurt/Main, London, Paris and Zurich, Algemene Bank Nederland in Amsterdam, Banque Generale du Luxembourg in Luxembourg, Swiss Bank Corporation in Basel and Union Bank of Switzerland in Geneva.

Interest on the Notes shall cease to accrue from and after the Redemption Date. All coupons maturing after said date which appertain to such Notes shall be void. Coupons maturing on March 15, 1986, and prior thereto, should be detached and surrendered for payment in the usual manner.

If any Note surrendered or deposited for redemption shall not be accompanied by all appurtenant coupons maturing after the Redemption Date, such Note may be paid after deducting from the Redemption Price an amount equal to the face amount of all such missing coupons. If a deduction shall have been made from the Redemption Price in the case of such missing coupon and thereafter the Holder of such Note shall surrender to the Trustee such missing coupon, such Holder shall be entitled to receive the amount so deducted.

Burroughs International Finance N.V. By: Chemical Bank, Trustee
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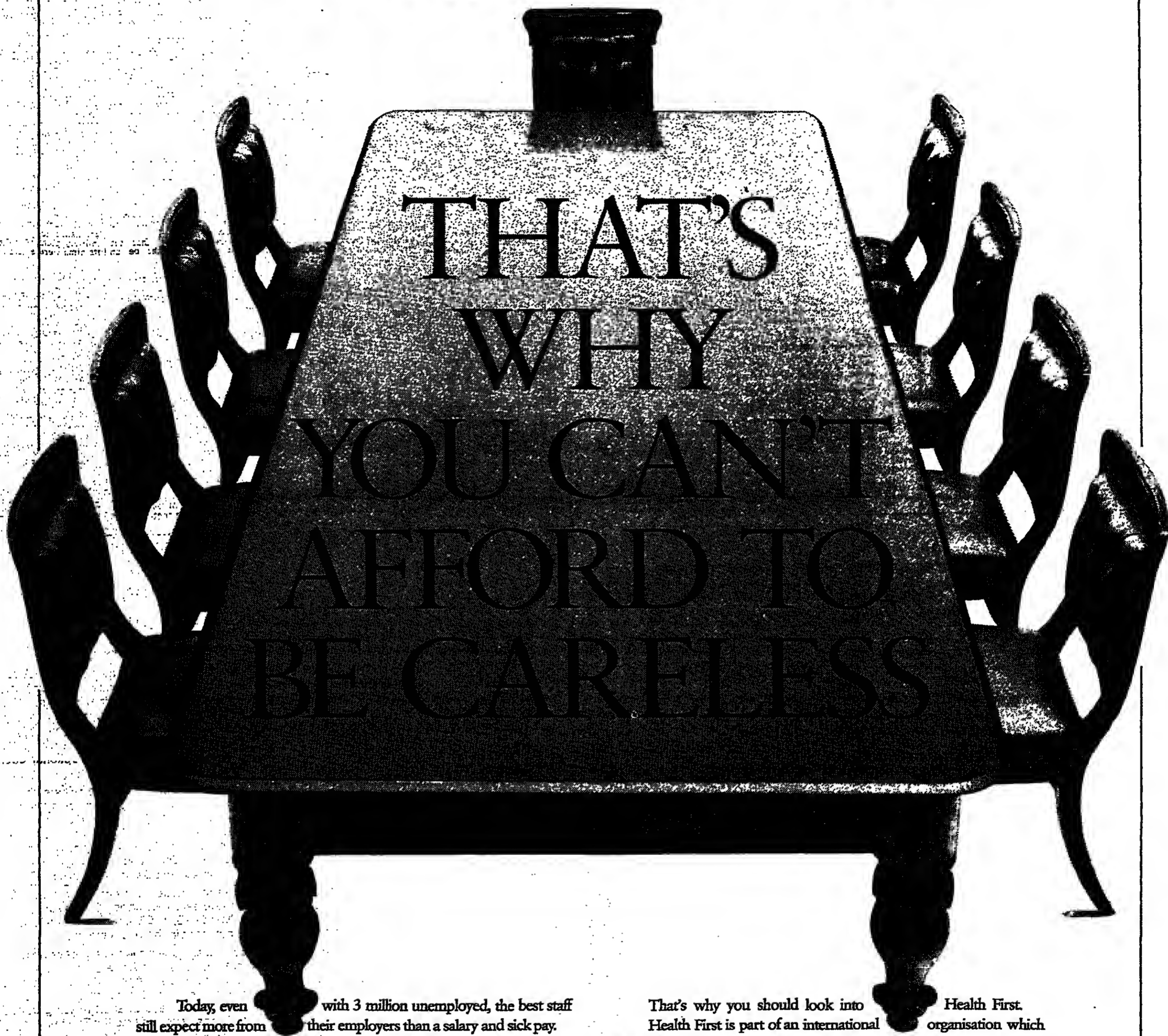
February 12 1986

Gandhi reconsiders role over Sri Lanka
 By Heron de Silva
 Sri Lanka's Prime Minister, Mr. Ranasinghe Premadasa, has said that he is reconsidering his role in the country's civil war. He said that he was "not sure" whether he should continue to lead the government, which has been accused of human rights abuses. He said that he was "not sure" whether he should continue to lead the government, which has been accused of human rights abuses.

Finance II 1986
 March 16 1986
 The City of London has been hit by a wave of pessimism. The FTSE 100 index fell 100 points to 2,100. The pound fell to a new low of 1.58 against the dollar. The market is expected to remain volatile in the coming weeks.

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TO SHOW YOU CARE

WORLD TRADE NEWS

Nancy Dunne reports on ways of detecting dumping from non-market economies Polish practices perplex US investigators

THE US Government has for years struggled to write a fair definition of "unfair trade" from the non-market economies (NMEs) of the world. Polish golf carts, Hungarian light bulbs, Yugoslav nails and East German steel are on a long list of products which US manufacturers alleged were sold in the US below the cost of production.



Dumping charges brought to the International Trade Commission and the Commerce Department's international trade administration, have, however, been difficult to sustain, and troublesome questions have plagued investigators. How, for instance, may a fair market price be determined in a country where there is no market governed by the laws of supply and demand? How can the cost of manufacture be determined when all factors of production are controlled by the state?

Trade officials have tried to determine NME dumping by examining prices of the products in question, or similar goods in third world markets or looking at the costs of free market production in what might be a "comparable" country. These approaches have been found inadequate, according to Senator John Heinz, a key member of the Senate international trade subcommittee.

aggregate data is notoriously unreliable and says little about differing levels of development and sophistication in specific sectors," he says. Further, even comparable economies can be widely divergent in levels of development — particularly if the NME has developed a particular sector for export only.

The senator cites the case of the Polish golf carts investigation to the last decade. The Treasury Department, which administered the law at the time, found that there were no customers for Polish golf carts apart from in the US. Poland itself has no golf courses so there were no domestic customers.

The Treasury's solution was to take Spain as a "comparable" economy to determine a theoretical cost of production. It

was somewhat of a handicap that Spain did not produce golf carts, but somehow the Treasury managed to estimate a price Spanish manufacturers would have charged if they had produced them.

Trade officials began to have real difficulties with the use of surrogate economies after they used Finland to measure dumping of Romanian steel plate in 1982. The Finnish steel producers, in a fit of co-operation, opened their books to Commerce Department investigators, only to be hit by an anti-dumping petition themselves in 1984 on the basis of the same information. As a result, few countries can now be found to act as willing surrogates for US anti-dumping investigations.

Testifying before Congress in 1984, Mr Lionel Olmer, former

Undersecretary of Commerce, acknowledged that the current anti-dumping law is "enormously burdensome and excessively complicated." The results, he said, are "often unpredictable."

The years of Congressional hearings on the subject and debate within Administration circles have produced a consensus solution contained in the omnibus trade Bill now in the Senate with strong bipartisan support. Under the proposed legislation, US companies can file dumping complaints against NMEs when the cost of their merchandise falls below an established "trade weighted average price. The price would be based on an average of costs produced by market economy companies which also sell in the US.

Meanwhile, two cases moving through the courts are likely to bring a final decision on whether or not subsidies can exist in non-market economies. The cases, due to go a federal Appeals Court ruling, involve alleged subsidies for carbon wire rod from Czechoslovakia and Poland and potash from the Soviet Union and East Germany.

In both cases, Commerce Department officials declared that subsidies cannot be found to exist in the countries where there is no free market to provide a point of comparison to determine what is unfair sup-

port. Four steel companies appealed to the court of international trade contending that the Commerce ruling sought to create a new wholesale exemption for imports from the NMEs. The court agreed, and the Administration then appealed.

Congress is unlikely to address the case of subsidies, preferring to let it move through the legal system. Senator Heinz notes however, that a strong argument can be made that the subsidies law is applicable to NMEs.

In the first nine months of last year US imports from the Communist countries increased 10 per cent to \$4.3bn. However, bilateral "voluntary" restraint agreements on steel with East Germany, Poland and Romania have begun to reverse the trend, and the new trade rules could lead to a further setback.

"It is not our policy simply to exclude all NME products from the market place," says Senator Heinz.

"Neither can we allow them to take advantage of the command economy structure to capture market share unfairly without regard to the dynamics of the marketplace."

Tomorrow David Buchan will look at the way in which the EEC deals with complaints of unfair trading by non-market economies.

Lufthansa seeks early decision on A-340

By Michael Dunne, Aerospace Correspondent

LUFTHANSA, the West German airline, is pressing European Airbus Industrie, the airliner-manufacturing group, for an early decision to develop the proposed A-340 long-range four-jet airliner.

This 250-seat airliner, one of two new ventures proposed by Airbus (the other being the short-to-medium range 330-passenger A-330), is intended to fly long distances, over 9,500 to 12,000 km.

Mr Reinhardt Abraham, deputy chairman of Lufthansa, says that Airbus should begin "immediate development talks with interested airlines on the A-340."

Lufthansa is believed to be interested in buying up to 25 of the A-340s. If it cannot acquire such aircraft, it would be obliged to buy the rival MD-11 planned by McDonnell Douglas of the US. This is a three-engine replacement for the existing DC-10, also designed to fly long distances.

Mr Abraham says Lufthansa has been pressing for the development of the A-340 for more than five years.



Last of a line: a Range Rover leaves the assembly line at Leyland's Haden Oyo State plant, earlier this month.

Nigerian truck plants hit by import curbs

BY PETER BLACKBURN IN ABIDJAN AND KENNETH GOODING IN LONDON

FOUR of Nigeria's heavy commercial vehicle assembly plants have closed because of a shortage of imported kits and the fifth is operating at about 30 per cent of capacity.

The motor companies in Nigeria are among the earliest casualties of a tight import regime imposed to conserve the country's foreign exchange.

Other sectors of industry are also being affected: many plants are operating at only a quarter of their capacity.

The closures have been caused by a delay in the issue of import licences by the Nigerian Trade Ministry.

The hiatus is the result of a new procedure instituted by the new Nigerian Government which has set up several committees to supervise the issue of import licences.

The engineering committee's recommendations about truck import licences for 1988 were sent back earlier this month by the Minister of Trade with a request that the numbers be cut back.

The closures involve plants building trucks from Leyland of the UK, Daimler-Benz, the Mercedes group of West Germany, Iveco, Fiat of Italy's heavy truck subsidiary, and Steyr-Daimler-Puch of Austria.

A fifth truck plant, in which the United Kingdom's United Africa Company (UAC) subsidiary has an interest and builds Bedford vehicles from the UK, and Isuzu trucks from Japan, could keep ticking over until June. It expects to receive new

import licences in mid-March at the latest.

Another factory which assembles light pick-up trucks based on the Peugeot 404 car and is supplied by the French group has also been closed since November.

Nigerian interests have a majority holding in all the factories.

The Leyland Nigeria factory at Ibadan, one of the most modern in Black Africa and opened at the cost of N78m (\$55.7m), could be closed until June even if it gets its licences later this month.

The company, 60 per cent owned by the Nigerian Government, has accumulated losses of N44m and has laid off the workforce to 150, compared with 1,700 in 1984.

Leyland estimates it could operate profitably at only 50 per cent of capacity—it also builds Land Rover four-wheel-drive vehicles and two to five-tonne trucks from Mitsubishi of Japan—but last year it received only N10m of import licences equivalent to 11 per cent of designed capacity.

The Nigerian Auto Manufacturers' Association said sales of heavy commercial vehicles were halved to 2,683 in 1984 from 17,897 in 1981, and in the first nine months of 1985 totalled 7,086 vehicles.

Leyland estimates it took 30 per cent of the Nigerian commercial vehicle market in 1985, sharing the lead with Daimler-Benz.

Finland delays decision on lifts venture

By Olli Virtanen in Helsinki

FINLAND'S Commission for Foreign Investments failed to make a decision yesterday on whether to give the go-ahead for the proposed lift manufacturing venture between Valmet, Finland's state-owned metal and engineering company, and Otis Elevator of the US.

The decision has been postponed until next Wednesday.

Otis and Valmet have signed a letter of intent on forming a joint lift manufacturing company which would be based on Valmet's lift division, in Finland.

The deal was stalled when the Ministry of Trade and Industry demanded that Kone, the large Finnish lift maker, should also be allowed to bid for the lift operation.

Akzo patent bid may help circumvent US ban

By OUR AMSTERDAM CORRESPONDENT

AKZO, the Dutch chemicals and fibres group, is seeking a new patent for its high-strength aramid fibre in a move that could help circumvent a ban on exports of the fibre to the US.

The patent application, which will take a year to be processed, is for an improved method of spinning the fibre to a resin to form a laminated composite material, especially suitable for the aerospace and automotive industries.

Products that incorporate Akzo's Twaron fibre are not covered by the five-year ban, which applies only to the raw fibre.

Plus aerospace parts which contain the Twaron fibre could be exported by manufacturers to the US with the hope of indirectly capturing part of the US market.

Akzo had expected to carve out 5 per cent of the US market until last November when the US International Trade Commission imposed the import ban because of Akzo's alleged infringement of a patent held by Du Pont of the US, which makes a competing fibre, Kevlar.

Du Pont said yesterday that it was not aware of Akzo's patent application but objections from the US chemicals group could not be ruled out.

The two companies have been waging an increasingly vitriolic battle over their aramid patents. The dispute has escalated into a trade dispute between the Netherlands and the US and threatens to involve the European Community.

Akzo is appealing the ITC decision in the US but a ruling is expected to take a year.

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Apple

AMERICAN NEWS

Reagan hopeful of missile deal with Moscow

By Reginald Dale US Editor in Washington

President Ronald Reagan is "very hopeful" that the US and the Soviet Union can reach an arms control agreement on intermediate range missiles...

IMF takes tough line with Peru on debt

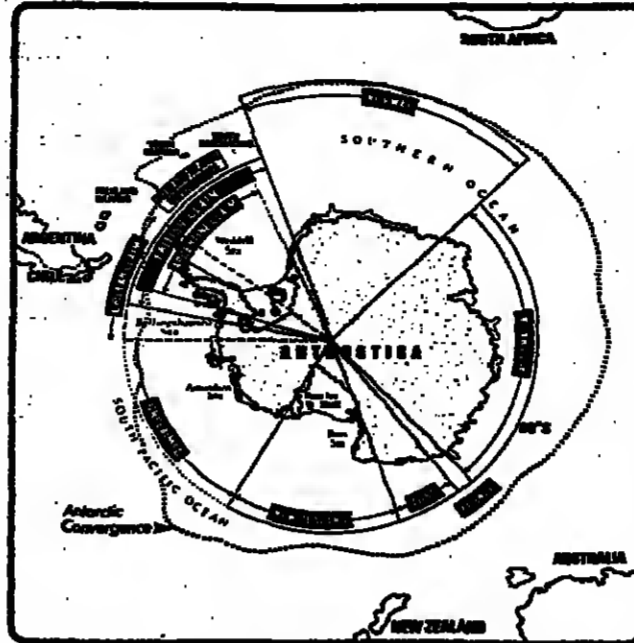
By Stewart Fleming in Washington

The International Monetary Fund has taken a tougher than expected line with Peru, telling the South American country that it must pay some \$75m (\$45m) of arrears on its loans by April 15...

Robert Graham reports on a dispute over the future of the seventh continent

Antarctic states eye Greenpeace campaign

UNUSUALLY BAD weather in the short Antarctic summer has prevented the environmental organisation, Greenpeace, from carrying out its most ambitious project and publicity venture.



Antarctic Convergence is the boundary between the colder waters of the Antarctic and the warmer waters of surrounding oceans.

Greenpeace had hoped to set up a permanently manned base in the Antarctic the first by a private organisation on this inhospitable continent...

Lack of interest by either of the two superpowers in the military uses of the continent which accounts for one-seventh of the world's land mass...

The basic difficulty with such principles is the question of land and offshore ownership. The shoreline, three times the length of the US, is claimed by seven states with another large area unclaimed.

to keep the matter out of the UN where there is a growing campaign, led by Malaysia, to put Antarctic development in the hands of this body.

There are those who believe that making an issue of Antarctica is a romantic bluff. Countries are merely there for reasons of national pride...

Tylenol withdrawn after New York woman dies

By Paul Taylor in New York

The A & P supermarket chain was introduced into the two states yesterday suspended sales of Tylenol capsules following the death of a young New York woman who died of cyanide poisoning after taking the popular Johnson and Johnson non-prescription pain reliever...

Canadian trade surplus narrows

By Bernard Sines in Toronto

CANADA'S trade surplus narrowed to C\$16.5bn (\$5.5bn) last year, from C\$20.7bn in 1984, according to Statistics Canada.

Accidents at oil and gas installations fuel Mexico economic woes

By David Gardner in Mexico City

A CHAIN of unexpected fires at Mexican oil and gas installations, is adding to the critical situation caused by the collapse in international crude oil prices.

Confirmed local reports, four Pemex employees were arrested on suspicion of attempting to blow up part of a refinery.

The unions most cogent argument is that maintenance is being neglected as Pemex is being milked by the Treasury for taxes and repayments on the country's \$97bn foreign debt.

Penex, one of the most hermetic institutions in Mexican public life, provides little detail of its finance but in 1983-84 current spending was cut 10 per cent in real terms.

Standard Chartered advertisement featuring a large image of a person at a computer terminal, text describing global banking services, and a row of globe icons representing various cities: San Francisco, New York, London, Johannesburg, Bahrain, Singapore, Hong Kong, Tokyo.

THE ARTS



"Man and Music"—it couldn't have been done in print

"Spitting Image"—a bit like vaudeville but much more angry

Television/Christopher Dunkley

The triumph of box versus book

A century ago Walter Pater declared that "All art constantly aspires towards the condition of music. Today we are told that all television constantly descends towards the condition of vaudeville. At least, that is the argument advanced by many academics who look at today's electronic mass medium, through their hands in horror at discovering that its methods are not those of the print medium, and cry woe from the rooftops. Of course, the rooftops are a last resort: whenever possible they use television to convey their views. I wonder why.

Though this column was devoted to the subject three weeks ago I make no apology for returning to it. As television continues to expand on all fronts—in politics, social sciences, news, education, religion—it is an argument which becomes more important, not less, and last week it was kept on the boil by Neil Postman's American university teacher whose book "Amusing Ourselves to Death," mourning the advance of television on the print culture, was published in Britain on Monday.

On BBC's Saturday Review, Postman declared that television attacks the literate tradition and that it is hostile to language and to lengthy exposition and discourse, explaining: "The danger arises when serious public issues—whether politics, religion, education, public information or commerce—is packaged as a Las Vegas show."

the teaching colleges might contain a grain of truth. 8.55 BBC2: Thinking Aloud. Peak viewing time and one behaviourist, one ethologist and one feminist biologist spend 40 minutes discussing the nature/nurture argument about human development under the superb chairmanship of philosopher/pollitician Bryan Magee (who never forgets the needs of the viewer). Perhaps Postman would like to name just one Las Vegas stage on which similar discussions are held. 9.35 BBC2: Architecture at the Crossroads. Paradoxically the ultra-visual subject of architecture has always proved terribly difficult for television. Yet this thorough and engaging series, not as infatuated with post-modernism as I originally suspected, is proving unusually effective. It is in 10 parts; we have so far visited Britain, the Gulf, and Berlin. The programmes use colour, music and moving pictures. The suggestion that this reduces them to vaudeville is an insult.

10.00 ITV: Spitting Image. This really is a little bit like vaudeville but, thank goodness, considerably more angry and barbed. Herbert Kretzmer in the Daily Mail maintains that for a few years ago anti-racist material of this sort would have been unthinkable. Quite so. But 18th century cartoons by Cruikshank, Gillray, and Rowlandson were much ruder about the royals. Of course they were limited to paper and ink and the torturously slow distribution methods of print. 10.15 BBC1: The Hammer and the Cross. A series about the global confrontation between communism and Christianity. This opening episode introduces the ideas of "liberation theology" in central and south America, and looks briefly at conditions in Russia. Excellent books have been published on this subject. It is true, but have they been read? 10.15 BBC2: Honest Decent and True. A 100-minute TV-movie devised by Les Blair and a troupe of actors, looking like a discursive pilot show for the world's first hit-the-post-modernist soap opera. At its centre is a hilarious attack upon the value and values of advertising. A regular topic on Las Vegas stages, presumably. 10.30 ITV: Spitting Image. This really is a little bit like vaudeville but, thank goodness, considerably more angry and barbed. Herbert Kretzmer in the Daily Mail maintains that for a few years ago anti-racist material of this sort would

politics in China, the Search for Wealth. No doubt Postman's response would be that his attack is on American television. But I spent a week in New York last year monitoring television and I know that you can fill your time there watching Congressional Committees in action, analytical news programmes, current affairs discussions (some, at breakfast time, of a standard you would never find at that hour on British television), programmes about the economy, about fitness and medicine, excellent drama, much of it imported from Britain, and so on. If Postman's riposte is the hoary old claim that, even if this is possible, the majority of viewers still watch the rubbish, then his argument simply folds up. Of course most people are demanding entertaining material in preference to improving material—they always have. The same applies to print (millions read the Sun, only hundreds read Political Quarterly), to pictures (millions buy mass market magazines, only a few buy art magazines), to music (millions choose Madonna, thousands choose Mahler). Is it not a shame that so many millions choose entertaining rubbish in preference to serious and improving material? Yes, of course. Would that we were all perfect. But to blame television because we are not is as silly as blaming television for the violence which has characterised mankind since the dawn of history.

Northern Sinfonia/Barbican Centre

David Murray On Monday Stephen Bishop-Kovacevich not only played Beethoven's B-flat Piano Concerto with the Northern Sinfonia but conducted them, unfortunately it was not bad, not incompetent; nothing actually fell apart. That was a pity—given the bizarre vogue for pianist-conductors, then it is every chance that he will now crop up more and more often leading sound but indifferent orchestral performances, while squeezing solo recitals into his schedule and relying on TV and the odd snatched half-hour for practice. Unless Bishop-Kovacevich is faced with creeping digital arthritis, he should not want that the precedents are glaring enough (it is unnecessary to mention names), and heartily discouraging. He is after all one of the most nervily musical pianists around. No Bishop-Kovacevich performance lacks sudden insights, whether in his introspective manner or in his rare bursts of extraordinary late Brahms not long ago, quite possessed). Nothing remotely like that got into his Northern Sinfonia readings. We heard of 5 striking notes sounded like cautious run-throughs, thoughtful, pallid and rather slow. (The opening piece entirely missed the sense of impetuous swiftness and danger.) Mozart's Symphony no. 40 was sympathetic, conventional, not very well balanced instrumentally—a conductorless reading in might have come out much the same. The "Masonic Funeral Music" Mozart's K. 477, both is and is not a conductor's piece: it is not, because an overt conductor's hand intrudes upon its sonorous gravity—its because the dark wind-sound needs the kind of firm, but not the finest leading. The Northern Sinfonia produced the right weight of sound, but the music proceeded in too deliberate fits and starts. In the Beethoven concerto everybody sounded friendly, at scramble tempo; there were no sparks in the dialogue between orchestra and solo piano, doubtless because both voices spoke with one mind. Beethoven's concertos, like later Romantic ones, are confrontations, and simple amity loses points. In any case, orchestral detail throughout the evening suggested not quite-realised intentions. I think the orchestra was instrumentally as has been patiently learned like any other: years of working with it are no substitute for years of working at it.

Swedish Radio SO/Festival Hall

Dominic Gill I had only previously heard of the young Finnish conductor Esa-Pekka Salonen directing the Philharmonia, which by any estimate must be counted among the finest and most sophisticated orchestral instruments in the world. The Swedish Radio Symphony Orchestra is an estimable, but lesser instrument, and its performances under Salonen on Monday night—the penultimate leg of a 10-concert British tour—were not only less finely coloured, less responsive, but also less original, less strongly marked by any particular interpretative stamp. It was a decent concert but an unremarkable one. Mahler's first symphony, which ended the evening, had an enthusiastic, coarse-grained reading. In spite of many nice touches, especially in the funeral march, it was notably in the slow movement and in the sparkling fingerwork of the finale... But she and the orchestra seemed set on different courses—hers, large-boned, larger-scale, argumentative. Two more beautiful things: Salonen's respectful, genial low-key. Between the two, co-ergetic insistence the last climax of the finale nearly arrived there; but the effect of that climax is really contextual and cumulative and little before it had struck deep. The traditional national gesture of the Swedish orchestra's touring programme was Greetings from an Old World by Ingvar Lidholm (b.1921). Like many of the melodramatic, almost bombastic, over-the-top like all trusty B-film music of two subjects, awesome (but passive) tragedy and violent storms. This example, in deference to certain other post-war musical developments, was also marked by any particular interpretative stamp. Like the Mahler, the evening's concerto, Beethoven's C minor piano concerto with Mitsuko Uchida as soloist, was never quite convincing. Uchida gave us many beautiful things, notably in the slow movement and in the sparkling fingerwork of the finale... But she and the orchestra seemed set on different courses—hers, large-boned, larger-scale, argumentative. Two more beautiful things: Salonen's respectful, genial low-key. Between the two, co-ergetic insistence the last climax of the finale nearly arrived there; but the effect of that climax is really contextual and cumulative and little before it had struck deep. The traditional national gesture of the Swedish orchestra's touring programme was Greetings from an Old World by Ingvar Lidholm (b.1921). Like many of the melodramatic, almost bombastic, over-the-top like all trusty B-film music of two subjects, awesome (but passive) tragedy and violent storms. This example, in deference to certain other post-war musical developments, was also marked by any particular interpretative stamp.

Salome/Covent Garden

Max Loppert The Royal Opera Salome, revived on Monday evening, no longer conveys much shock impact. The 1970 production seemed on this occasion to have gone quite flat (to anyone who recalls its former vividness, glittering with huge spider-web exoticism and teeming with scurrying slaves, the current dismal state of lighting, sets and crowd co-ordination will have proved a dreadful shock). The conducting by Andrew Davis was capable, and considerable in the strings, some rather tame and ordinary; the orchestra exposed under his baton notable thin patches in its Straussian virtuosity (an absence of moonstruck brilliance to the strings, some rather dire oboe interventions, wayward brass in the finale). But it is very strongly cast at almost every point on the opera's hierarchical ladder—and that, at least, takes the performance part of the way in the right direction. With tasteless, unlikeable brilliance Strauss combined in Salome overheated psychological drama and overblown domestic comedy. Incisively acted and sung (if not staged or sounded), it is capable of providing other kinds of theatrical involvement than merely its usual measure of queasy frisson. In this performance there was particular pleasure to be taken in the knots of onlookers who spy, openly and without embarrassment, on the main characters in all their contortions—the quintet of squabbling Jews (Egerton, Crook, Dobson, Bayly, Best), each part trenchantly delivered; the two sententious Nazarenes (Gwynne Howell once again outstanding as the first); and, nearer the centre, Robin Leggate's elegantly sung, weakly romantic (in a good way) Narraboth and Gillian Knight's clear, touching pageboy. And the Judaea court is ruled by a splendid pair of depraved royals. Helga Dernesch, returning to the house for the first time since her adoption of mezzo-soprano status, gives a magnificently alarming account of Herodias; the voice gleams darkly, the words are uttered with lustful precision and purpose and, beneath the large-gestured parading, a sense of inner decay clears the performance of all taint of caricature (I long to see and hear her Clytemnestra!). Robert Tear's Herod is no bellowing bull of a Heldenbarbar, but a fond, fee aesthete who makes his points in exaggeratedly nuanced phrases rolled off the music with virtuoso deftness. The central couple—if one may call them that—are slightly less well matched. José van Dam is a bit cento poet but draws beautifully focused tone across the lines with a master cellist's breadth and steadiness; but he lacks passion. In the title role Gwyneth Jones is all wild-eyed animal frenzy, deadly childlike urgency; but the words are fuzzy, the wide vocal arcs are often smudged and sullied, the tone humps and judders (and occasionally hits heroically true). The part—including the dance—is assaulted and conquered by main force. But at least it resonates with conviction; and, in this performance, that counts for much.

An Independent Woman/Watermans Arts, Brentford

Michael Coveney A belated bouquet, this, but what a delightful amenity is the Watermans Arts Centre, now in its second year of operation on Brentford High Street between Kew Bridge and Syn Park. The joint was jumping on Monday night: Boorman's The Emerald Forest in the cinema, the fascinating Julian Trevelyan retrospective on the walls. Life sobered up and slowed down in the theatre, though, where An Independent Woman by Natasha Morgan and her That's Not It company picked its mournful, imaginal way through a hospital ward for the terminally senile. That's Not It is a distinctive company because, without wishing to sound sexist, its subjects are female areas of sensitivity to a performance art methodology. It does not always avoid an off-putting whimsical archness, but there is here an interesting attempt to embroider personal grief and obsession with objective visual statement. Dusty Hughes's 1984 Oval House production, restaged at Brentford by Anna Furse, has a dream-like quality as the cast of four manipulate four memories of a journey by van in a desert finally explained in the context of a Jewish family's displacement. She is the volunteer visitor who comes to stay. "What are you here for?" asks the doctor. "I'm here for good" is the chilling reply. Not all of it works. The operation on a scuffed body bag, little balloons flying out under the scalpel, struck me as intolerably twee, and the off-stage groans of incontinent patients did nothing except awaken the Goonish cry of "Quick, nurse, the screens; I've done it again... ooh, no more carried eggs for me." But I admired the subtle shifting relationship between Miss Morgan and the mother victim figure of Jenny Carey (who is also the very imaginative designer), as well as some stringent dialogue, notably between two women of different course where "what do you go for" becomes an introspective scream of anxiety about house, husband, lungs, breasts, howls and mind. It is good to see a non-naturalistic approach to a social issue of importance. The lighting and sound (gloriously "Singaporean" Byraves) for the twilight inmates, Penguin Café Orchestra elsewhere) by Rick Fisher are exemplary. Anita Harmon and Thomas Wheatley stalwart as caring profession that stays clean.

Winter Music/Wigmore Hall

Andrew Clements The Arts for the Earth is a cultural section of Friends of the Earth, founded last year, to quote its publicity, "to strengthen ties between the environment movement and those involved in the arts." Monday night's benefit concert in the Wigmore Hall brought together the soprano Jane Gimborg, the harp and percussion (conductor, Paul Webster) and a trio of flute, viola and harp with the appropriately Debussy name of Jeux. Debussy's Sonata for those instruments proved to be the most familiar item in the programme; the rest, most refreshingly, for a fund-raising event, was made up of pieces by younger British composers. Three of the works were short and more or less innocuous in the programme; the Dances added percussion to the Jeux complement for a sequence of self-consciously exquisite miniatures; George Nicholson's Winter Music proved to be a five-movement suite for clarinet, harp and percussion that eked out its material resourcefully but could not disguise the basic intractability of the instrumentation. More rewarding was Nicholson's Colloque Sentimental, a setting not of Verlaine but of Mallarmé's "Apparition" for soprano and harp, to which the harpist provides a spoken counterpoint of fragments of Heine's "Der Doppelgänger," only to find her real understudy in the soprano's playing of a zither. The whole concoction works far more effectively in performance than it suggests on paper. Anthony Powers sets his sights higher in The Winter Festivals, which was receiving its first London performance. It is an extended scale of settings of poems by Nigam Walli which mingle Christian and pagan ritual in a fresh and striking way. Powers sometimes matches the originality of the texts in his use of vocal effects (including a telling hybrid between song and Sprechgesang), but when he falls back upon straightforward lyricism the writing becomes less individual, though never less than smoothly crafted. It is precisely in the Miss Gimborg's singing was notable for her adroit handling of the vocal tints and strikingly pure intonation.

Arts Guide

The Scarlet Pimpernel (Her Majesty's): Donald Sinden in resplendent plumy-voiced form as Baroness Orczy's one-man resistance movement to the French Revolution. Opera director Nicholas Bynner's efficient and sparkling production has snazzy, tumbling, rat-saw and rolling heads. (930 4025). Barozza (Victoria Palace): Michael Crawford returns to London with his breathtaking performance as the circus impresario, adding one or two new tricks in a likeable mad ringue of a musical. (930 1217, credit cards 930 4735).

Are You Lessening Tonight? (Phoenix): More musical biography with Alan Bleasdale's Elvis Presley show using flashback and excellent live recordings of the rock and roll hits to explain how Martin Shaw's magnificent wrecked and fleshy King in crushed velvet jumpsuit has reached this pretty pass. Exploitative, but not strictly for tourists. (938 2294). Nones Off (Savoy): The funniest play for years in London, now with an improved third act. Michael Blake's brilliant direction of bawdy stage shenanigans on tour with a third-rate farce is a key factor. (938 8889). Seaflight Express (Apollo Victoria): Andrew Lloyd Webber's rollercoasting folly has 10 minutes of Spielberg movie magic, an exciting first half and a dwindling reliance on indiscriminate rushing around. Disneyland, Star Wars and Cats are all referenced. Patchy score now towards rock, country and hot gospel. No child is known to have asked for his money back. (934 8194). 62nd Street (Drury Lane): No British equivalent has been found for New York's Jerry Orbach, but David Harrier's tap-dancing extravaganza has been rapturously received. (938 9108). Me and My Girl (Adelphi): Sleek, efficient and enjoyable revival of Britain's biggest war-time musical hit with Robert Lindsay in the Lupino Lane role emerging as the best new musical star since Michael Crawford. (936 7611).

Guys and Dolls (Princes of Wales): The 1952 National Theatre production has arrived in the West End. If anything improved by the new casting of Lulu as Miss Adelaide and the notably well sung Black Sky Masterpiece of Charles Peters. Richard Byrne's production and John Gunter's affectionately Jewish designs complement this most joyful and lively of musicals, a fitting tribute to the recently deceased co-librettist Abe Burrows. (930 9881). Torch Song Trilogy (Albery): Antony Sher plays Harvey Fierstein's four-hour epic of the life and loves of a drag queen fighting for emotional and domestic stability. Truthful playing has the effect of cruelly exposing Fierstein's tackily uneven writing. (939 3976). Giel (Lyric): Unconvincing stage revival of Lehner and Loe's film follow-up to My Fair Lady, Beryl Reid rising imminently above the material. Jean-Pierre Aumont and Sian Phillips leading more conventional support. John Dexter directs. Jocelyn Herbert designs. (437 0888). Interpreters (Queen's): Love among the diplomats, according to Ronald Harwood has a superb role for the matchless Maggie Smith renewing a cross-cultural affair with Edward Fox in the shadow of a summit between the Soviet Union and Britain. Fluent direction by Peter Yates of the West End's best new play of the year. (734 1105). Lennon (Astoria): A not too critical celebration of the life and music of John Lennon that is enjoyable especially for the musical reconstruction-

ness of the cast and Mark McGann's look-and-sound-value. (734 4267). Les Misérables (Palace): Notably well sung and spectacularly produced rock opera from the Nickleby and Cats team of Trevor Nunn, designer John Napier and lighting man David Hersey. Colin Wilkinson superb as Jean Valjean. A melodramatic distillation of Hugo, and some of the wrongs for that. The French score is rousing, melodic, with serviceable new lyrics from Herbert Kretzmer. (437 6834).

NEW YORK Cats (Winter Garden): Still a sell-out. Trevor Nunn's production of T. S. Eliot's children's poetry set to trendy music is visually startling and choreographically fierce, but classic only in the sense of a rather staid and overworn idea of theatricality. (239 8382). A Chorus Line (Stimber): The longest-running musical ever in America has not only supported Joseph Papp's Public Theater for eight years but also updated the musical genre with its backstage story in which the songs are used as auditions rather than emotions. (239 8200). Brighton Beach Memoirs (46th St): The first instalment of Neil Simon's mix of memories and jokes focuses on a Depression-era Jewish household where young Eugene falls awkwardly in love with his cousin. (221 1211). LA Cage aux Folles (Palace): With some tawdry Jerry Herman songs,

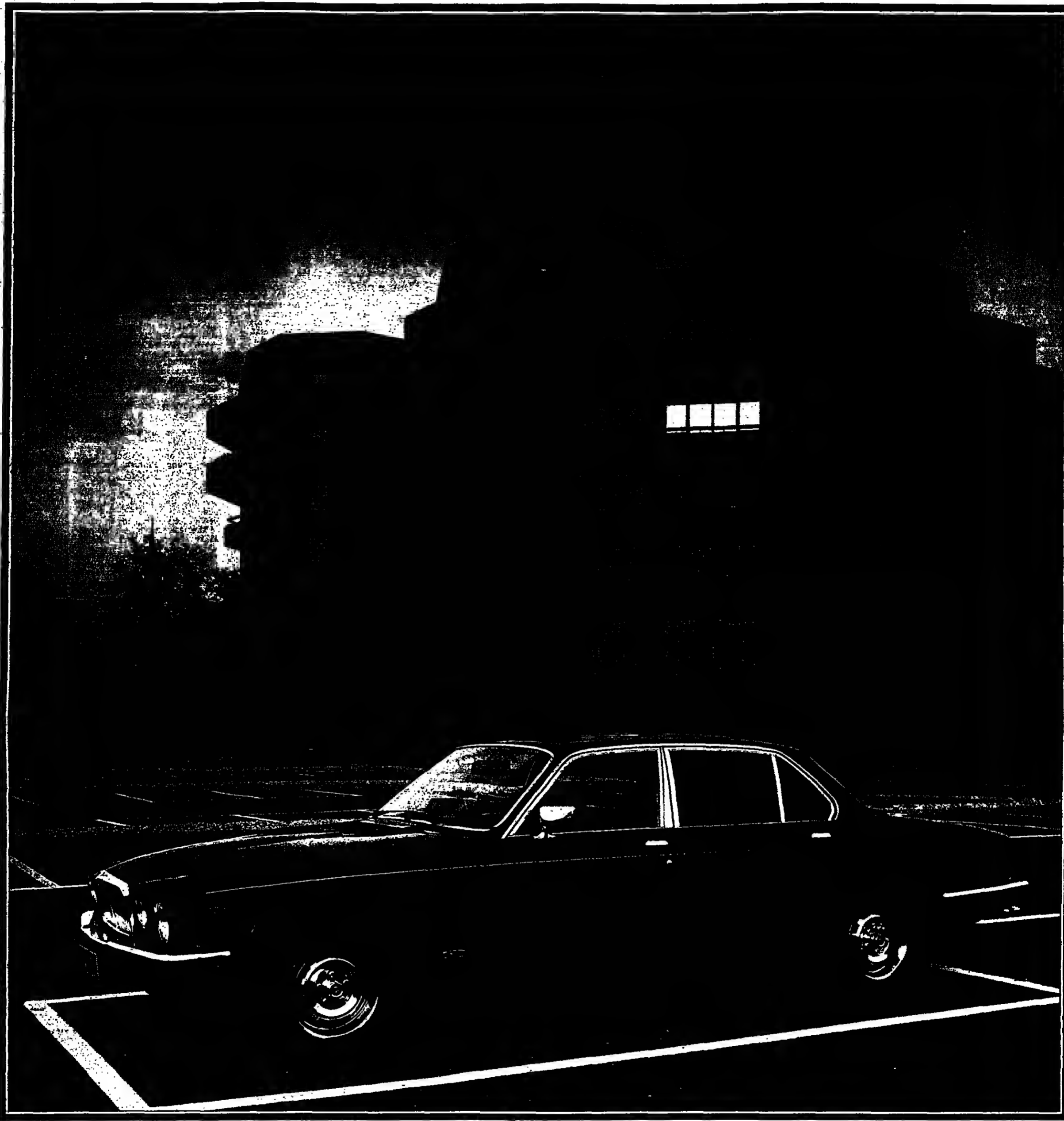
Harvey Fierstein's adaptation of the French film manages, barely, to capture the feel of the sweet and hilarious original between high-kicking and gaudy chorus numbers. (977 9075). The Not Rappoport (Booth): In moving to Broadway, Herb Gardner's teaching, funny and invigorating play about two oldsters retains its stars, Judd Hirsch and Cleavon Little, who almost conquer the world when they think they are just bickering with each other. (239 6263). Big River (O'Neill): Roger Miller's music rescues this sedentary version of Huck Finn's adventures down the Mississippi, which walked off with many 1960 Tony awards almost by default. (248 0222).

Saleroom/Antony Thorncroft

Americans put on weights The paperweight market has marked time in recent years, mainly because few really good examples have come up for sale. But yesterday Christie's offered the best one-owner collection to go under the hammer for over a decade. It made reassuringly for the 88 lots, with only 4 per cent unsold. The top price was £23,760, comfortably above forecast, paid by the London dealer DeLomense for a very rare St Louis faceted pink weight lily-of-the-valley weight. Only one other is known. Sold in 1960 for £12,800 and this lacks the pink ground which gives this weight its appeal. When it last appeared on the market, at Sotheby's in 1970 it sold for £8,500, which suggests that paperweights have been a solid rather than good investment. The output of all the French factories which produced collectible paperweights in the mid 19th century was in demand. A Baccarat weight, with a butterfly hovering over a clematis flower, made £15,120, as against £5,500 when it sold at Christie's in 1979. Once again it is one of only two known, the other making £1,800 at Christie's in 1971. There was heavy American buying. The Bergstrom-Mahler Glass Museum of Wisconsin, which shows only paperweights, paid \$7,500 for a St Louis faceted pedestal weight of 1848, and \$4,100 for a Baccarat ruby flash overlay upright weight. The New York dealer Leo Kaplan carried off over a third of the lots on offer. Dan McInerney, a Dublin property developer, sold his collection of Irish pictures on Monday night through Christie's and Edimston and established an auction record for painting by Jack Butler Yeats, the younger brother of the poet W. B. The Pym Gallery of London paid £1137,245 for "The Circus Proprietor," an oil of the early 1920s. The same dealer bought "Children's Church" by Walter Osborne for £55,200, almost a record, while "Dante and the Crossroads" by Charles Vincent Lamb realised £118,672.

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An aid in the cancer battle

TWO of the latest liquid scintillation counters sold by Beckman of High Wycombe, Buckinghamshire, are in operation at the Paterson Laboratories of the Christie Hospital and Holt Radium Institute in Manchester.

With the instruments, researchers can obtain information about small concentrations of materials useful in the evaluation of new anti-cancer drugs.

More on 0494 41187.

Locking up thieves

A NEW type of magnetic lock from Clarke Instruments of Salisbury, Wiltshire, should help to deter thieves by the incorporation of a set of strong metal fingers which grip the device's solenoid. The fingers resist attempts to prise open the lock.

More on 0723 23481.

Centrifugal force

ALFA-LAVAL Engineering, based in Brentford, west London, has produced a centrifugal separator tailored to fermentation processes. It can handle 50 cubic metres an hour of feed material and can be fitted to automatic production lines, says the company. Details on 07-560 1221.

TECHNOLOGY

Why the lumpy mint sauce flowed evenly on to the plate

UNDERSTANDING the flow properties of liquids is a problem faced by industries with products as diverse as oil, paint, plastics and chocolate.

Bohlin Rheology, a small Swedish company, specialises in computer-based machinery for measuring such properties. Although founded only two years ago, its customers already include companies such as Finlux, the frozen food manufacturer, ICI, the UK chemical group, and S. C. Johnson & Son, US maker of Johnson Wax.

The need for such equipment is highlighted by Lindsey Viner, head of Bohlin in the UK. A lavatory cleaner that ran down the bowl in dribbles instead of a continuous sheet and mint sauce that stuck together in large lumps are two of the problems she has been asked to solve.

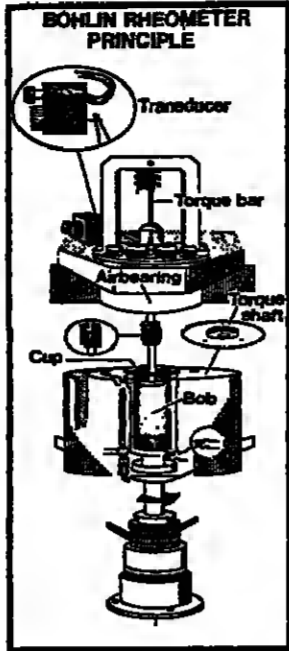
In heavier industries the study of flow is equally important. Understanding flow characteristics determines pipeline design in the oil industry, for example.

Measuring flow (rheological) properties helps not only the acceptability of final products but also in pinpointing the most efficient production methods.

Cadbury Schweppes, the UK-based chocolate maker, employs Bohlin equipment to measure the flow characteristics of chocolate.

ICI has four Bohlin instruments which help researchers develop paints and plastics. In recent years, for example, paint technology has become sophisticated with the development of solid paint. Paint is basically a suspension of particles in a liquid such as a polymer in white spirit.

Manufacturers' biggest problem is to avoid the settling of the particles. So all depends on the dispersion of the tiny solid pieces within the paint. How paint will behave can be determined by rheological measure-



HOW IT WORKS: Bohlin's machine is based on two concentric cylinders. The outer one, the cup, holds the liquid, which can be of various shapes, is connected to a torque shaft. When the cup is rotated, the inner cylinder experiences a drag or torque against the spinning liquid. This resistance twists the shaft—the amount of movement is transformed into an electrical signal by the transducer at the top of the shaft. This is a measure of the liquid's viscosity. With slight variations to the technique, other properties can be measured.

West Germany, Contravis of Switzerland and the UK companies, Sangamo Transducers, Viscometers and Bromfields—is in versatility and price.

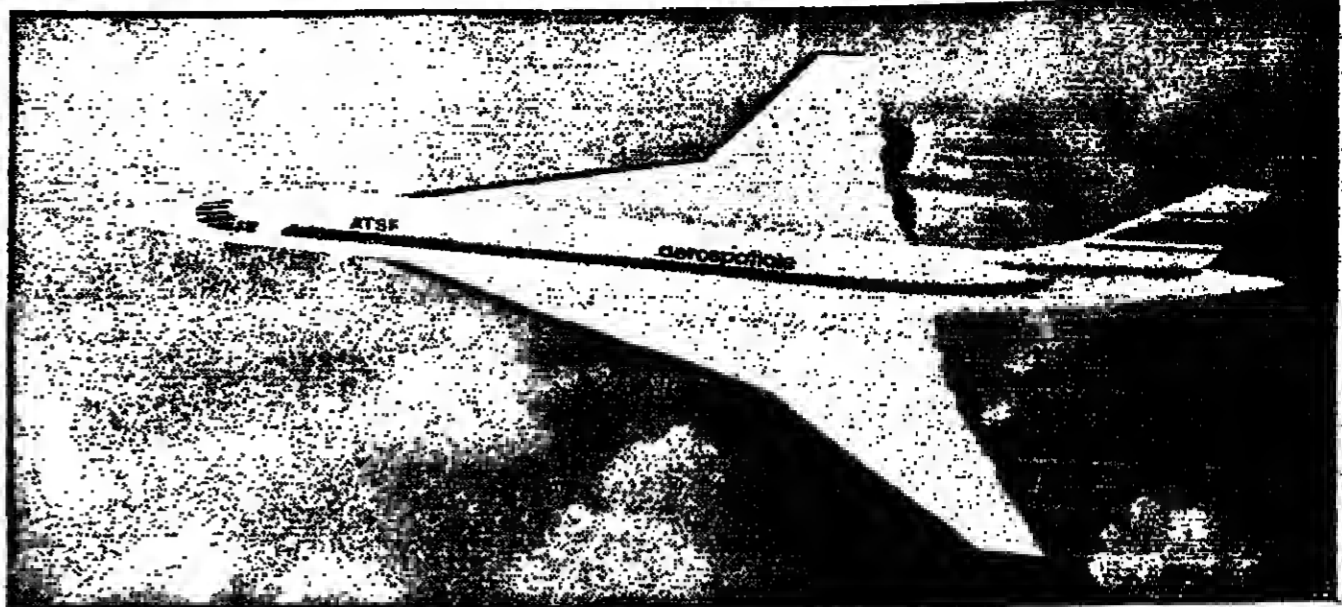
Its instruments cost from £3,000 for a hand-held viscometer to £30,000 for a top-of-the-range model. Work is in progress on an advanced machine which, at around £20,000, will undercut the price of equivalent equipment from competitors by about £40,000.

Without marketing its products, and relying solely on word of mouth, Bohlin has so far written down what you want but difficult to achieve in practice.

How a liquid behaves can be judged by measuring its viscosity, elasticity and plasticity.

The basic principles used by Bohlin are well known. For example, one of its techniques is to place the fluid in a rotating vessel and insert a rod from which the drag is converted by electrical signals to give a measurement of the liquid's flow properties.

Where Bohlin scores over competitors—such as Rheometrics of the US, Haake of



FLIGHT INTO THE FUTURE: An impression of a second-generation Concorde from Aerospatiale of France

Taking-off into the unknown

Michael Donne considers the possibilities for air travel in the 1990s and beyond

ONE unexpected by-product of the US space shuttle disaster may be to stimulate a further revival of interest in a second generation supersonic transport to succeed Concorde in the late 1990s.

This is despite the recent emphasis, particularly in the US, on the goal of leapfrogging well beyond Concorde by developing much more advanced Aerospace Planes or Trans-atmospheric Vehicles able to cruise at long distances in low orbit over the earth.

President Reagan underlined the potential for such vehicles in his State of the Union speech last week. Concluding that US research would continue, he said they might eventually make it possible to fly from Washington to Tokyo in less than two hours, travelling at up to 25 times the speed of sound.

The idea is arousing interest on this side of the Atlantic, too. The British Government recently agreed to spend up to £3m over the next two years on "proof of concept" studies for a UK earth-to-orbit vehicle. This is the Horizontal Take-Off and Landing (Hotol), devised by British Aerospace and Rolls-Royce and intended for the late 1990s and beyond.

However, both the UK and US studies are very preliminary. Neither government wants to commit itself to supporting full-scale development of such vehicles until the proposals have been subjected to thorough scientific analysis.

The concepts must still overcome other hurdles, too, notably among the world's commercial airlines, which still view them with polite disdain. Their interest, and the tragic reminder of the hazards of space flight provided by the shuttle disaster, may yet temper recent enthusiasm for Trans-atmospheric Vehicles.

On the other hand, there have been signs for some time that the climate for a second generation SST may be improving. Aerospatiale, the original French partner in Concorde, said recently that it could foresee the day of a successor to Concorde and had kept a design team working on such a venture.

Most of the research into second-generation SSTs has

been done, with little publicity, by Boeing. It believes there will be a market for such aircraft, provided the seat-mile cost for airlines is no higher than for subsonic jet airliners and production costs are kept low enough to allow them to be financed entirely from commercial sources.

But Boeing has also warned that until more is known about these issues, the economic viability of an advanced SST will remain controversial.

An important catalyst in the debate was a report last year by the US Government's Aerospace Policy Review Committee, which has never had any doubts that a second-generation SST was the most sensible stepping stone to eventual military and commercial orbital flight.

The committee, which contains many of the leading authorities in US aerospace, recommended three goals for the long-term development of the country's aeronautics.

These were: first, to develop subsonic aircraft technology, including the new prop-fan engines, to meet growing competition from abroad; second, to develop the technologies for "efficient long-distance supersonic cruiser; and third, the development of Trans-atmospheric Vehicles.

Though the key technologies needed for supersonic cruise capability had not been aggressively developed, the demise of the earlier US SST pro-

gramme in 1971, the committee concluded that a "constructive base for advancement" existed and should be pursued.

The committee envisaged a supersonic vehicle, perhaps capable of Mach-3 (about 2,000 mph), shaped like an elongated Concorde and carrying 200 to 250 passengers. It would be suitable for both military and commercial use, particularly on trans-Pacific routes linking the US with Japan and south-east Asia.

The aerospace industry will almost certainly want to spend several more years studying the economics of such a venture, and none of the manufacturers is likely to be in a position much before the end of the decade to consider joint design and development proposals. Production would probably not begin before the early to mid-1990s, with the aircraft entering service later in the decade.

Such a market suits Concorde, which has been in service 20 years by then. Several million air travellers will have sampled the benefits of supersonic flight and a market will have been created which will not want to revert to subsonic flight.

The prize could be substantial. As Boeing puts it: "Ultimately, the industry which offers world airlines an economically viable supersonic transport will not enjoy enormous marketing success."

The challenges yet to be met

THANKS to the US space shuttle programme and recent developments in military aircraft, a second generation supersonic airliner could benefit from much more advanced technology than was available when Concorde was designed more than 20 years ago.

However, even more ambitious plans to build a Trans-atmospheric airliner, able to soar as high as 100 miles above the earth at speeds of up to 16,000 mph, would require still further breakthroughs, particularly in engine technology. These are the main achievements so far—and the challenges yet to be met.

● **Materials:** Big weight savings are available from new materials. These include plastics composites strengthened with polymer, carbon and ceramic threads, and metal-matrix composites—metals reinforced with ceramic, boron or carbon threads.

The weight of the shuttle's payload doors was cut by 23 per cent by making them from carbon fibre instead of aluminium. Almost a third of the latest versions of the Harrier jump-jet airframe is made of carbon fibre.

Carbon-carbon (pyrolysed graphite strengthened with carbon fibres) used in the shuttle's nose cone and on

Peter Marsh on the need for advances in aero engine technology

the leading edges of its wings can withstand temperatures of up to 1,200 deg C, while silicate tiles on its lower surfaces protect it against temperatures of about 700 deg C on re-entry.

Parts of the wings of Concorde, most of which is made from aluminium, have to withstand 120 deg C as the vehicle cuts through the air at its top speed of Mach-2. An increase in speed to Mach-3 would have pushed this temperature to 250 deg C, which would have required use of more expensive, heat-resistant materials such as titanium and stainless steel.

Novel alloys and ceramic materials are increasingly used to make engine pumps, turbine blades and combustion chambers which heat to as much as 1,600 deg C. The shuttle's thrust chamber is made of a new alloy combining copper, silver, zirconium and nickel.

But many new materials still cost too much to be widely used commercially.

● **Engine design:** Conventional jet engines, of the kind that propel Concorde, need work as does subsonic Mach-3. The blades of the compressor, which push air into the ignition chamber, interfere with the movement of the incoming air. Researchers are working on types of engine such as supersonic combustion ramjets (scram-jets) which would dispense with compressors.

One design approach to a supersonic aircraft would be to use jet propulsion for take-off switching to a scram-jet at speeds of more than Mach-3 and then to rockets fuelled by liquid oxygen to take it beyond Mach-8 about 12 miles above the earth.

US space researchers are working on rockets, which would use hydrocarbon, a denser fuel which needs less storage space.

● **Avionics:** Advanced systems developed for the space shuttle enable astronauts to give instructions to a chain of computers which control rocket thrusts and moving airframe parts such as steering rudders.

● **Landing Systems:** The shuttle has an automatic landing system which uses computerised range-finding equipment to control 44 small rocket thrusters. These help guide the shuttle as it lands at 280 mph.

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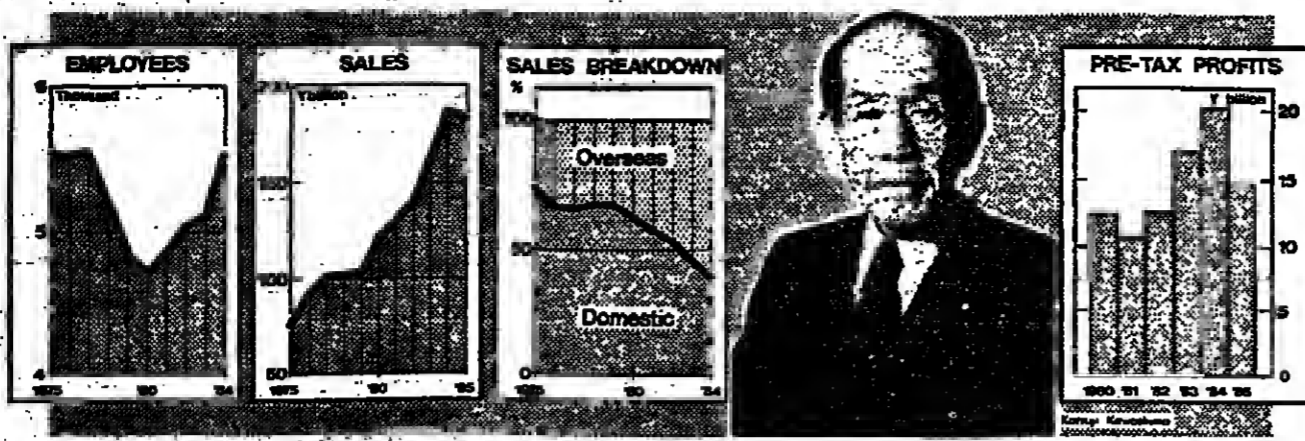
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The illustration shows a person in a suit holding a large trophy. The trophy has a circular base and a tall, slender stem. The person is standing on a small platform.

THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

STUDENTS of large Japanese companies... The first believes that Japanese companies simply do things better than Western companies.



Why Brother sees a dilemma in expanding overseas

Carla Rapoport on the Japanese company's fear of losing its suppliers' technology

This is the story of Brother Industries, the 32-year-old sewing machine company which became the wonder of the typewriter business when it pioneered its featherweight electronic portable in 1980.

measure of the company's steady success that one of its top officers recently described in funeral tones, a 15 per cent drop in pre-tax profits as the worst in the group's history.

Based in Nagoya, Tokyo's third largest metropolis, Brother is now coping with the responsibilities of its years of success overseas. Considering Japan's huge trade surplus with the West, many say that large exporters like Brother should invest in production facilities near their major markets.

currently under way, for example, will only cut down domestic sales by 2 per cent and sales of Brother's business machines division by 4 per cent.

Watanabe reckons that Brother has already cut down on 20 to 30 per cent of its parts supplies in business machines, due to the switch to European production.

widening its UK component production, and these have been "favourable," it says. Still, at no time in its history has its technical know-how been more crucial to its future success.

Vignettes of excellence

Christopher Lorenz on a management thesis

A BURLY figure dressed in a sweatshirt and jeans climbs out of a Mercedes and makes a bee line for a pot of paint. Sir Terence Conran, chairman of the thriving Habitat-Mothercare retail empire, has come to help his staff put the finishing touches to a new complex of stores in London's Tottenham Court Road.

In their different ways, the two men's actions serve similar purposes. Conran's characteristic "mucking-in" with his staff in 1984 was, among other things, calculated to reinforce his company's energetic, entrepreneurial culture at a time when the organisation's rapid growth in size could have easily swamped it with remoteness and bureaucracy.

Jargon free

In spite of a few quirky phrases and concepts, the book is refreshingly free of the complexities and jargon which bedevil most of the (mainly American) work which is already available on the subject.



Do you know the one about the Chinese, the Scot and the Belgian?

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Union accepts TUC ruling on Murdoch plant

By Phillip Bassett and Helen Hague

THE TRADES Union Congress (TUC) crisis with the EETPU electricians' union over News International's (NI) new printing plant at Wapping in east London was effectively ended yesterday.

The electricians' decision to accept six TUC directives concerning Wapping almost certainly ensures that the union will not be suspended from the TUC.

It came as leaders of the general print union met, for the first time, the arbitrators appointed by the High Court to settle the union's claim to seize the plant. The arbitrators were authorised for contempt of court charges brought against the union for its blocking at wholesale level of News International's newspaper production.

The TUC, The Sunday Times, The Sun and News of the World. The arbitrators of the EETPU took less than 15 minutes to decide unanimously to agree to the TUC's directives. These require the union not to assist further in recruitment to NI, not to recruit into the union and to tell EETPU members at NI that they are carrying out work normally done by other

print union members; not to negotiate separately with NI, and to try to establish joint negotiations with the company; not to reach any agreements with NI; and not to reach any single-union agreements except as provided for by the TUC.

The EETPU's acceptance of the union's conditions does bind the union's activities over Wapping although the union does not have to instruct its members not to cross picket lines at the plant.

Refusal of the conditions would have led to disciplinary action, possibly including suspension and expulsion, being taken by the TUC against the union, but on being told of the EETPU decision, the TUC stood down plans for an emergency general council meeting set for this afternoon.

Bankers told Sogat yesterday that all accounts had been frozen as a result of the sequestration order. Sogat's action was taken after NI sacked more than 5,000 print workers who had been on strike over the switch of newspaper production to the Wapping plant. Electricians there have been doing work traditionally done by print workers.

Lloyd's expected to keep bar on Posgate

By John Moore, City Correspondent

THE RULING council of the Lloyd's insurance market in London is set to bar Mr Ian Posgate from returning to the market as an underwriter after a period of suspension. Officers of the market were attempting to finalise the notification of the decision and to draft a letter informing Mr Posgate of the council's latest view of his reapplication to work in the market.

Mr Posgate has been attempting to return to the market after a six-month suspension. He had been

found guilty of receiving gifts designed to influence his underwriting judgment at Lloyd's.

In his campaign to return to the market, Mr Posgate is supported by Mr Colin Baillieu, a member of the Lloyd's council, who is one of the eight representatives of the members who do not work at Lloyd's. Mr Posgate intends that Mr Baillieu should become chairman of the underwriting agency Posgate & Denby, where Mr Posgate's family holds a controlling equity interest.

Defence Ministry reviews priorities

By Kevin Brown

THE MINISTRY OF Defence is carrying out a review of long-term commitments which will entail "difficult decisions," Mr George Younger, the Defence Secretary, told the House of Commons yesterday.

Mr Younger insisted, however, that there was no need for any fundamental change in defence commitments or the main roles undertaken by the armed forces.

He said the review was part of the normal annual process of determining priorities in order to match forward programmes to available cash.

"I am not conducting a defence review in the terms that the Labour Party considers it. I am looking at the present position of resources, and some difficult decisions will have to be taken. But there will be no need for any change in our main defence commitments," he said.

Mr Dennis Davies, the shadow defence secretary, said Labour welcomed the announcement of the review, which would show that the defence budget was out of control by about £1bn.

Mr Davies said the Government would find it impossible to finance the Trident nuclear missile system and its existing commitments to conventional defence.

Mr Nicholas Soames said it was "folly" for the Government to pretend that there was no crisis in defence spending. "It is far better to have a defence review now to tackle the fundamental choices, rather than waiting until the position becomes untenable," he said.

Mr Younger said the Government had set out quite clearly what defence spending would be over the next three years. He said it was 20 per cent higher in real terms than the level of 1979, and insisted that there was a firm commitment to the Trident programme.

Later Mr Younger refused to confirm a claim that the Government is considering buying or leasing six Advanced Warning and Control (Awac) aircraft from the US to replace the troubled Nimrod airborne early warning system being developed for the RAF by GEC.

Tory MPs spring to Thatcher's defence

By Ivor Owen

MINISTERS joined with Conservative backbenchers in the House of Commons yesterday in rallying to the support of Mrs Margaret Thatcher, the Prime Minister, as Labour MPs sought to exploit her recent difficulties by suggesting that she would be their biggest asset at the next general election.

Launching a sustained barrage of mockery and ridicule, Labour backbenchers hailed the Prime Minister's entry into the chamber by waving their parliamentary orders papers in the air - a ritual normally associated with a parliamentary triumph.

Mrs Thatcher responded in kind by accusing her tormentors an exaggerated bow as she stood to answer questions.

She was momentarily put out of her stride when Mr Mervyn Rees, the Labour MP who acted as campaign manager for Mr James Callaghan when in 1976 he outstripped the other contenders in the race to succeed Mr Harold Wilson (now Lord Wilson) - the last Prime Minister to step down at the halfway stage of a parliament - invited her to comment on the speculation about how much longer she is likely to occupy No 10 Downing Street.

He referred to the "brilliantly coordinated" speeches made by Mr Michael Heseltine, the former Defence Secretary, and other likely contenders, for the Conservative leadership at Blackpool last weekend, and asked if she would be leading the Government into the next general election as Prime Minister.

Mrs Thatcher retorted that she had seen off two Labour governments and added: "I hope to see off a third."



Mrs Thatcher: 'Seen off two Labour Governments'

Labour MPs roared their approval at this implied admission that she expected to see another Labour government take office, but Mrs Thatcher quickly recovered when Mr Neil Kinnock, the Labour leader, joined the exchanges. He emphasised that the number of people who had been unemployed for more than a year now exceeded the total number who were out of work when she took office in 1979.

Mrs Thatcher told him that she had seen off three Labour leaders (Mr Wilson, Mr Callaghan and Mr Michael Foot), and declared, to government cheers: "I hope to see you off, too."

Mr Kinnock dismissed this claim, saying it had not convinced anyone on the opposition benches and very few on the government benches. He complained that if she remained Prime Minister much longer, she would "see off the country."

Committee still awaits Westland documents

By Peter Riddell, Political Editor

NEGOTIATIONS were continuing last night about the defence select committee's request for full texts of key ministerial documents in the Westland affair.

This follows claims by Mr Michael Heseltine, the former Defence Secretary, to the MPs last week that the summaries provided by the Government are misleading.

The dispute concerns the extent to which the Government and Mr Leon Brittan, the former Trade and Industry Secretary, were evaded in meetings last October with Westland, and whether he subsequently changed his mind.

Whitehall officials do not see anything in the position that cannot be resolved, although they insist that nothing material was omitted from the summaries. Committee members believe that they will see the substance of the documents, possibly in confidence.

The committee said it had received an offer from Mr Alan Britton, the former helicopter operator, to give evidence and will bear this offer in mind when it meets to consider the further list of witnesses it may wish to see.

Final offer on Nimrod made by GEC

By Bridget Bloom

GEC, the UK electronics group, has submitted its final offer to the Ministry of Defence (MoD) for completing development work on the controversial Nimrod early-warning aircraft. The future of the aircraft is to be discussed by the Cabinet later this week.

The GEC offer, submitted late on Monday, is described by the company as involving important changes in the proposals put to the MoD before Christmas.

Ministry officials made clear yesterday that Mr George Younger, the Defence Secretary, would still seek Cabinet approval to cost alternatives to Nimrod as a possible prelude to cancellation of the whole project.

The alternatives are believed to include not only the purchase of the US Awacs (advanced warning and control system) aircraft from Boeing but the possible leasing of Awacs from the US Air Force to fill the immediate gap in Britain's air defences.

It is understood that GEC's new proposals alter neither the price nor the timescale for completing development work on the complex radar and electronics systems, known as the mission avionics, which have failed to work to the RAF's satisfaction.

GEC has offered a price of about £245m, excluding value-added tax and finance charges, and says it will complete most of the work under a fixed-price contract, by December 31 1988. It is seeking an extra six months, until May 1989, to complete the RAF's requirement for sustained tracking of targets.

The company now says it has narrowed down its differences with the RAF and is able to meet all but five of the RAF's 48 detailed requirements, which would enable it to reach what is termed the minimum initial operating capability by the end of 1988.

It wants further discussion of the five outstanding items, but says these are not critical and would not add to the overall costs. The 11 Nimrod aircraft, originally ordered in 1977 in preference to Awacs, are already three years late in entering service. By last November, they had cost the equivalent of £282 at today's average prices, Mr Younger told the House of Commons yesterday.

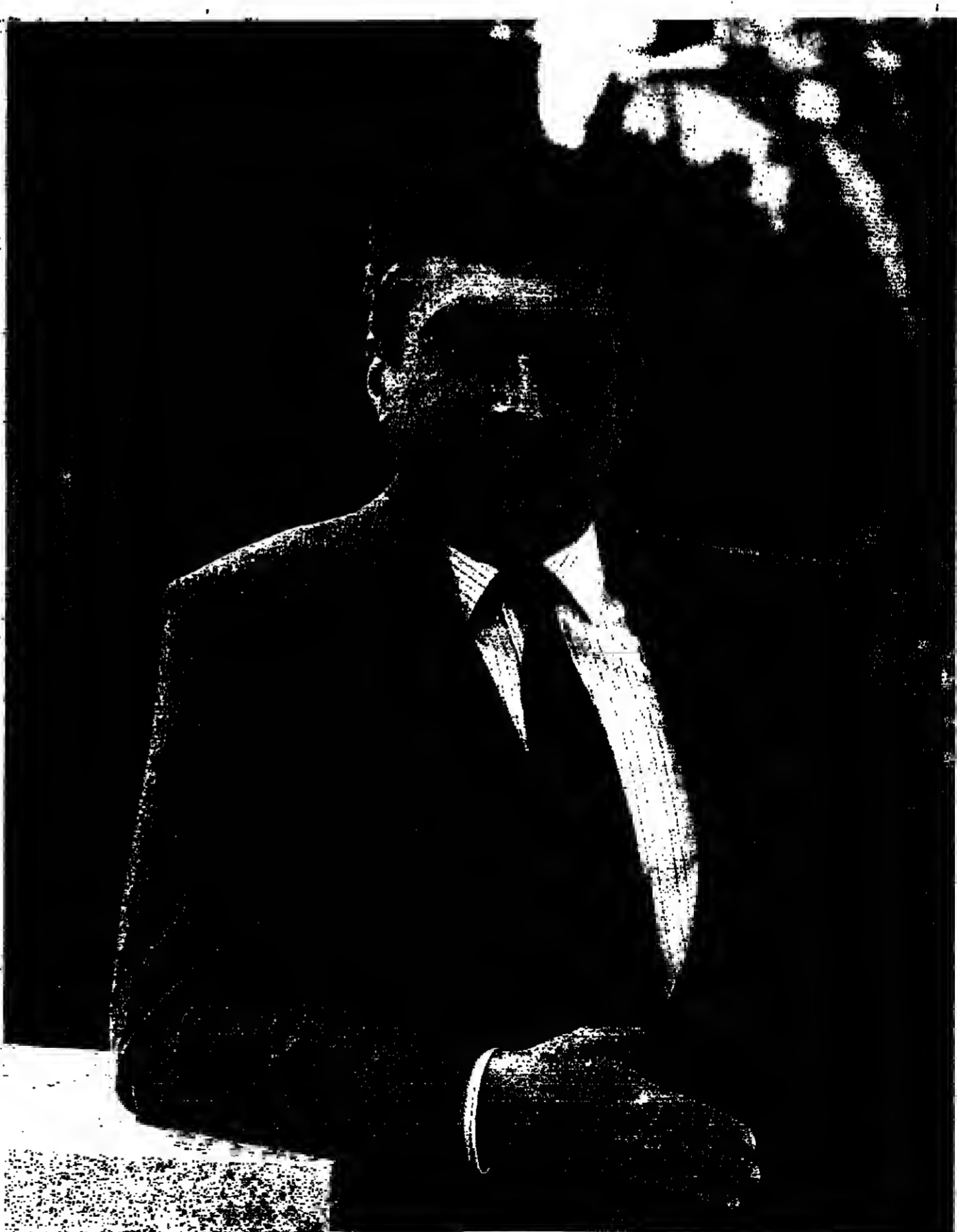
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(Continued on the following page.)

UK NEWS

(Continued from the preceding page.)

Table with multiple columns of numbers, likely a stock market index or financial data table.

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Appeal opens over ownership of TSB

Financial Times Reporter

AN APPEAL by the Treasury and the Trustee Savings Bank (TSB) against a Scottish judge's decision last November that the bank's assets in Scotland belong to the depositors began in the Court of Session in Edinburgh yesterday.

The case has delayed the planned £1bn flotation of the TSB, which had been scheduled for this month. The Treasury had considered that the assets belonged to the bank itself, but Lord Davidson held that TSB Scotland was an unincorporated association and that the assets were the property of its depositors.

Opening the appeal for the Treasury, Mr Alan Johnston, QC, said the issue in the case was the extent, if any, to which depositors had a proprietary interest in any surplus of the bank on closure.

The context in which the matter arose was the TSB Act 1985, which sought to effect the flotation of the bank to the public by the issue of £1bn worth of shares.

Under the new legislation, the assets would be transferred to a new company, effectively achieving closure of Mr Johnston said. The depositor who brought the case, Mr James Ross, a retired Scottish civil servant, contended that a transfer to a public company amounted to an appropriation of his property as a depositor if there was a surplus.

Mr Johnston said the essential contention of the Treasury and the bank was that the bank was a legal personality separate from the depositors, who were not members of the bank.

The rights of depositors were regulated and limited by contract and the terms of that contract were to be found in the relevant legislation and the rules of the bank.

The essential contention of the Treasury, he said, was that the correct approach was to look at nothing further than the 1981 TSB Act. That act was a consolidation of previous legislation and the determinative factor.

Ford talks 'may have strained' Austin Rover link with Honda

BY JOHN GRIFFITHS

HONDA is going to be very sceptical about its future links with Austin Rover after disclosure of the now-aborted talks with Ford, Professor Den Jones, a motor industry analyst, warned yesterday.

Current negotiations between Honda and Austin Rover on a further collaboration project, a joint replacement for the Maestro and Rover 200 series, have become 'very heated' since disclosure of the talks with Ford, said Prof Jones.

An agreement committing Honda and Austin Rover to the project is due for signing in the next few weeks. Prof Jones, senior research fellow at the University of Sussex's science policy research unit, said it was 'very unlikely' that Honda would have been informed about the talks with Ford.

The best method of securing a future for Austin Rover would be for the UK Government to guarantee more lending while the company seeks to become a 'BMW of the 1990s', said Prof Jones.

But with further public funding ruled out, and after the collapse of talks with Ford, the Government

Free shares offer to workers in buy-out

BY ANDREW FISHER

EMPLOYEES of the Vickers and Cammell Laird shipyard have been made an offer of £150 of free shares for every £500 or more they buy themselves, if the joint management and employee buy-out succeeds.

The free shares will come from the holdings of Lloyds Merchant Bank and other institutions backing the buy-out. If all 14,000 employees of the two yards in north-west England buy £500 worth of £1 shares, free shares worth £2m could be issued.

Mr Richard Fortin, head of the Lloyds team handling the buy-out, said the share offer had not previously been made in a UK buy-out. The Trafalgar House group has also expressed interest in buying the yards.

The institutional backers will actually be giving away a proportion of the shares they will have bought, Mr Fortin said. Vickers north-west England, Crowle Motor and Cammell Laird are the last of the shipyard yards owned by British Shipbuilders to be put up for sale.

Robot installation rate slackens

BY GEOFFREY CHARLISH

FIGURES released yesterday by the British Robot Association show that the rate at which the UK is installing robots has slowed in the last year for the first time, while growth in West Germany and the US has accelerated.

By 1985, the number of units in place in the UK totalled 3,208, but the increase over 1984 was only 22 per cent, whereas the figures for West Germany and the US were 8,800 (53 per cent) and 20,000 (54 per cent), respectively.

Since 1983, both the UK and West Germany have roughly doubled their robot populations, while numbers in the US have nearly trebled. A significant factor in the UK slowdown was the smaller number of robots installed by the road vehicle industry. Most UK plants suited to robotic spot welding of bodies have installed them.

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"Hard work doesn't frighten the people of Newport. The lack of it does." THE LLANWERN STEEL WORKS, just outside Newport started production in 1982. In fact the Newport area is now one of the most vital elements in the success of the British Steel Corporation.

FINANCIAL TIMES

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Merger policy under test

IN THE NEXT few days, the UK Government has to make some awkward decisions about whether to intervene in a number of large takeover bids by referring them to the Monopolies Commission. More or less whatever course of action it decides to take, some of the interested parties will cry "foul". In its present bruised state, the Government may be tempted to take what might look like the soft option and refer the whole lot to the Commission. But provided it holds fast to the view that competition issues are that should primarily determine Monopolies reference, it should not go far wrong.

In the case of the rival bids for Distillers by Argyle and Guinness, the Government has already given unconditional clearance to the Argyle offer, which was made well before the rival bid came on the scene and does not raise any questions about competition or the public interest. The same cannot be said of the Guinness bid. By putting Distillers alongside its recently acquired Bell's subsidiary, Guinness would end up with well over a third of the important UK Scotch whisky market, and an even bigger share of the top selling brands. With its portfolio of other important products, Guinness would develop increased market power in the UK drinks business.

The arguments are not clear cut. In the domestic market, the enlarged group would still have to cope with the formidable buying power of the multiple retailers and the brewers' tied estates. These are not the kind of customers that can readily be exploited — which is, incidentally, also an argument for not referring the rival bids for Coats Patons to the Commission. In the Scotch whisky market, Guinness has a relatively small share of the overall market for whisky (or whiskey). Guinness believes that the industry needs to consolidate on a strong home base in order to tackle growing competition from powerful competitors in Japan and North America. The Government made it clear last year that it would be less likely to worry about concentration in the home market if a strong domestic base was necessary to enable UK firms to compete in world markets. But although the decision will be finely balanced, there is probably enough uncertainty to justify a reference. A consolidation at home is not necessarily the right recipe for suc-

cess overseas; there might be more to be gained if Bell's under Guinness and Distillers under Argyle competed vigorously against each other. Then the question is whether the Government should also withdraw its earlier clearance of the Argyle bid, in order to be even-handed. By agreeing to be bid from Guinness, Distillers has put up an unmistakable "for sale" sign, and Argyle would be very likely to succeed if the offer was delayed. Yet both Distillers and Guinness must have been aware of the risk when they agreed on a deal, which may be one explanation for the improbable understanding whereby the competing bid for agreed to pay the prices of the bidder. In the circumstances, the Government would not tie itself into knots by trying to be fair to everybody. Further increase of the degree of concentration would merit careful scrutiny. Again, the two companies build their case on the need to develop international brand strength — and that, in turn, is based on a vague feeling of unease about the level of conglomerate mergers. But a government which allowed, rightly, the BIR-Tilling marriage to go ahead would be hard pushed to block a merger between Hanson and Coats Patons. The decision is left to the market to decide — and it is worth noting that the market seems to have its doubts about Hanson's ravenous hunger for takeovers. If this continues, it will put a more effective discipline on management.

Acquisitions
Similar considerations apply in the three-way struggle involving the agreed merger between Imperial and United Brands, and Hanson Trust's hostile bid for Imperial. There does seem to be an overlap between Imperial and United in snack foods, a market dominated by a handful of domestic manufacturers. When the Commission approved the acquisition of Huntley and Palmer by Nabisco in 1982, it warned that "any contemplated acquisitions by the major suppliers which would further increase the degree of concentration would merit careful scrutiny." Again, the two companies build their case on the need to develop international brand strength — and that, in turn, is based on a vague feeling of unease about the level of conglomerate mergers. But a government which allowed, rightly, the BIR-Tilling marriage to go ahead would be hard pushed to block a merger between Hanson and Coats Patons. The decision is left to the market to decide — and it is worth noting that the market seems to have its doubts about Hanson's ravenous hunger for takeovers. If this continues, it will put a more effective discipline on management.

Should Hanson also be referred? There are no reasons on competition grounds to do so, and the only broader public interest argument would have to be based on a vague feeling of unease about the level of conglomerate mergers. But a government which allowed, rightly, the BIR-Tilling marriage to go ahead would be hard pushed to block a merger between Hanson and Coats Patons. The decision is left to the market to decide — and it is worth noting that the market seems to have its doubts about Hanson's ravenous hunger for takeovers. If this continues, it will put a more effective discipline on management.

France picks up a windfall

THE OUTCOME of next month's French parliamentary election which, only a few weeks ago was considered to be a foregone conclusion, has suddenly become much less of a certainty. The neo-Gaullist and centrist opposition parties are still expected to win an overall majority in the National Assembly, but the latest public opinion polls indicate that their victory will not be quite as much of a landslide as has been generally assumed. If present trends are confirmed, the Socialists, while losing their absolute majority, could remain the biggest party in parliament, thus giving President Mitterrand much more room for manoeuvre in forming a government than once seemed possible.

With the three main factors which have modified the electoral picture — the turnaround in the economic situation, the divisions of the opposition and President Mitterrand's personal intervention in the campaign — the state of the economy is the most striking and unexpected.

Trade surplus
The Socialists dug themselves into an economic hole after their election in 1981 with their expansionary policies while their main trading partners were deflating. They have spent the years since 1983 laboriously trying to dig themselves out again. The austerity programme adopted by the Government at that time has slowly begun to bear fruit, but it needed a windfall like the sharp fall in the dollar and in oil prices to transform France's economic prospects.

Still heavily dependent on imported oil for its energy needs, in spite of its ambitious nuclear energy programme, France is expected to see its oil bill reduced by one-third this year and to register a substantial trade surplus after a series of regular annual deficits. Inflation, already on the way down, is forecast to fall to 3 per cent or less by the end of 1986, while economic growth is now expected to rise by 2.5 to 3 per cent this year compared with an original budget forecast of only 1.8 per cent.

The opposition leaders have been working almost as effectively as the dollar and the oil price to help the Socialists recover lost ground. Faced with the prospect of a constitutional crisis in the event of policy disagreements between a Socialist President and a National Assembly controlled by the present opposition, two of the main opposition leaders have said they would be prepared to "cohabit" with President Mitterrand.

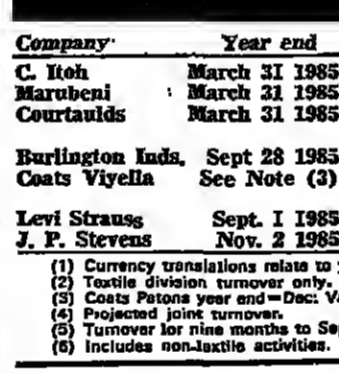
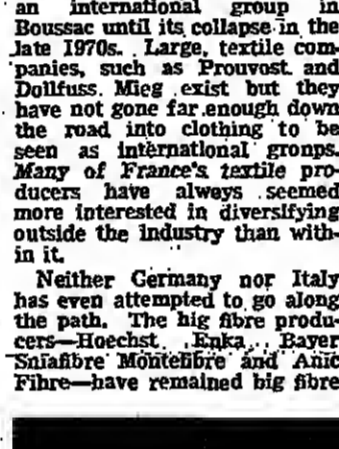
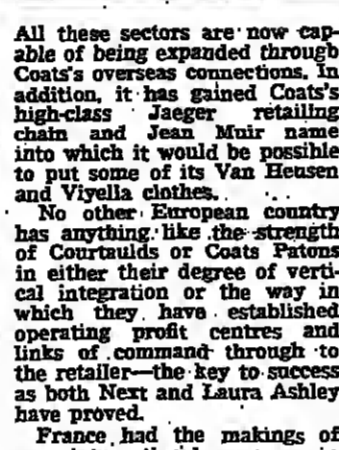
Both Mr Chirac, the leader of the neo-Gaullist party, and former President Giscard d'Estaing, the leader of the main Centrist party, are apparently willing to serve as Prime Minister under Mr Mitterrand, on condition that they can "determine and conduct" the Government's policies. However, Mr Barre, a former Prime Minister, has stated categorically that the President should resign if the opposition parties win the election.

THE speed and stealth with which Vantona Viyella's Mr David Alliance was able to seduce Coats Patons from a betrothal to fellow Scottish group Dawson International, announced only a fortnight ago, is typical of the way he has in the last few years put together one of the biggest and most important textile groups in the world.

Ten years ago Mr Alliance, born an Italian and now a naturalised British subject, was running a small corset concern called Spirella. This he merged with Vantona, a medium-sized textile company, then in 1983 with Carrington-Viyella. Monday's deal with Coats Patons, famous for sewing threads and Jaeger and Country Muir name into which it would be possible to put some of its Van Heusen and Viyella clothes.

No other European country has anything like the strength of Coats Patons. In either their degree of vertical integration or the way in which they have established operating profit centres and links of command through to the retailer — the key to success as both Next and Laura Ashley have proved.

The immediate strategy behind the Alliance move was to give his group an entry into the US market. The Americans would like to pursue a similar course. With operations in 30 countries, most of them complementary to Vantona Viyella, Coats was the perfect partner.



TEXTILES IN EUROPE AND THE US

New alliances and new lines of attack

By Anthony Moreton

All these sectors are now capable of being expanded through Coats's overseas connections. In addition, it has gained Coats's high-class Jaeger retailing chain and Jean Muir name into which it would be possible to put some of its Van Heusen and Viyella clothes.

France had the makings of an international group in Boussac until its collapse in the late 1970s. Large textile companies, such as Prouvost and Dollfus, Mieg exist but they have not gone far enough down the road into clothing to be seen as international groups.

Neither Germany nor Italy has even attempted to go along the path. The big fibre producers — Hoechst, Enka, Bayer, Saffire Möntex and Alkathene Fibre — have remained big fibre

producers. Leading companies like Benetton of Italy are no more than medium-sized by British standards. They have prospered by finding a niche in the market. There are plenty of such niches in the fashion world.

The Japanese, with their vastly different organisational structure, have followed a different path. While the big textile producers, such as Teijin, have remained faithful to fibre production, some of their big trading houses such as Itoh and Marubeni have bought into producers and retailers in order to influence both production and marketing.

But it is in the US that some of the most interesting developments are now taking place, stimulated to a considerable extent by the sharp rise in cheap imports from the Far East and Latin America since the middle of 1983, when the dollar was very strong.

American managers had looked at their massive clothes market, worth \$100bn (over £70bn) at retail level and discovered they were losing a quarter of it through markdowns at sale time and through shortages of stock in successful lines.

They also discovered that if they could halve the average 60 days it took from a retailer's selling a shirt or pair of trousers to its replacement reaching the shelf, they could not only sell more but sell more American-made goods.

They have done by delegating responsibility to line managers who run operations small enough to know exactly what is happening in the market place. The success of large companies comes from giving wide ranging powers to divisional executives.

As a public relations exercise, the US industry had already launched a "United Buy American" campaign — a thinly veiled Boy American policy — to stem the surge of imports, which had risen 25 per cent by volume in 1982, and a further 32 per cent in 1984. Last year's rise was probably about 40 per cent.

The shift in corporate strategies also reflected the industry's loss of confidence in a political solution to their problems. Last year both houses of Congress passed a bill to cut back imports from 12 dominant Far Eastern and Latin American suppliers, including Japan, but this fell foul of President Reagan's veto.

Quick response is the rationale behind a number of major deals. Last November, West Point-Pepperell, the third largest fibre producer outside the chemical giants such as Du Pont, bought \$95m (£67.5m) in clothing company called Cluett Peabody, the fifth largest in the US.

Earlier, Springs, number four in the pecking order

of the industry, has taken their line of time when Coats Viyella and Courtaulds, as well as other European concerns, have shown that given correct cost structures and marketing links, European industry can compete with the best in the world.

There are those, like London analyst David Buck, who do not believe the MFA strategy is anything more than a smoke screen. He argues that the most important component is the exchange rate, which, in Britain at least, has recently been in favour of the textile and clothing producers.

They mean higher added value and better-quality earnings.

TEXTILES - THE BIG SEVEN

Company	Year end	Turnover (£)	Textile business
C. Itoh	March 31 1985	¥1,797bn (£5,826m) (2)	apparel fabric, natural and synthetic fibres
Marubeni	March 31 1985	¥1,210bn (£3,926m) (3)	staple fibres, yarns, fabrics, industrial materials
Courtaulds	March 31 1985	£2.2bn (6)	apparel fabric, contract and branded clothing, fibres, furnishing fabrics
Burlington Inds.	Sept 28 1985	\$2,800m (£1,999m)	largest and most diversified textile manufacturer in US
Coats Viyella	See Note (3)	£1,690m (4)	fashion wear, home and industrial sewing products, yarns and fabrics
Levi Strauss	Sept. 1 1985	\$1.9bn (£1,386m) (5)	world's largest manufacturer of jeans
J. P. Stevens	Nov. 2 1985	\$1.7bn (£1,154m)	apparel fabrics, natural and man-made fibres and yarns

(1) Currency translations relate to year end date.
(2) Textile division turnover only.
(3) Coats Viyella and West Point-Pepperell Vantona Viyella year end - Nov.
(4) Projected joint turnover.
(5) Turnover for nine months to September 1 1985.
(6) Includes non-textile activities.

Mystery of the missing millions

THE US Federal Reserve has a problem. Like all good central banks, it likes to keep tabs on who is holding all the money it prints. So it is more than a little surprised to find that it cannot track down \$130bn, or some 88 per cent of the cash in circulation.

The Fed recently conducted a study on the use of cash by American families and found that the average cash holding per individual amounted to about \$100. After allowing for children, prisoners and other individuals who are not supposed to have such money, the Fed calculates that Americans are carrying about \$18bn at any one time. This is only a fraction of the \$159.9bn cash which is circulating in the economy.

"I wish we knew where the rest of it was," says Paul Spindt, one of the authors of the study which is reported in the February issue of the Federal Reserve Bulletin. "This survey whets our appetite for more information. It shows, in some sense, how little we know."

Men and Matters

There are times when you just have to sympathise with the PR man. For instance, there are trying to interest you in Matrix, a "national network of shared automated teller machines set up by Electronic Funds Transfer Ltd to meet the special needs of building societies."

My invitation to a press conference on the subject came yesterday, set to music by E. Baul's Sanctify Us By Thy Goodness.

I hear of another casualty of the Times move to Wapping in London's dockland. Peter Kellner, political editor of the New Statesman, and a long-standing contributor to the Times feature page has resigned from the revamped Thunderer.

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Wapping wounded

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Kellner, an unabashed supporter of the Labour party, chose an analysis of Rupert Murdoch's international newspaper empire for his latest article. It was not uncritical of the strategy for subduing the unions — although print workers also came in for a share of the blame.

The world yesterday from inside the barbed wire stockade of Murdoch's new printing plant was that the Kellner piece would not be printed. Kellner promptly resigned, Jack Straw, a Labour Mem-

Lost cause

There has been a lot of argument lately about the right of lawyers to challenge unsympathetic-looking jurors, usually I gather, those who happen to be wearing a suit and tie.

But the exercise of this right does not always work to the benefit of the defence, as Lord Elwyn-Jones, former Labour Lord Chancellor, has been telling his peers.

As counsel for the defence in a murder trial at Carnarthen Assizes some years ago, Elwyn-Jones challenged, and secured the removal of a juror who, he thought, seemed unlikely to have any sympathy for his client.

Star ratings

If you want to discover your security rating you might try asking the defence ministry for a ticket for what is likely to be a sell-out event next Tuesday — a briefing on how British companies can participate in the Pentagon's Star Wars project.

The meeting will be addressed by Lt General James Abrahamson, director of the project, and other Pentagon officials who

will talk with relative freedom about classified aspects of the programme.

Dirty tricks

From a Berkshire parish magazine: "The social at the new hall was a great success. A large number of people of all ages attended this first function and those who did not wish to dance were encouraged to play cards in an adjoining room."

Members of the Accepting Houses Committee.

7-day deposits 8.70%, 1-month 8.00%, Top Tier £2,500+ at 3 months notice 12.00%. At all branches £10,000+ reserve deposited.

BASE LENDING RATES

ABN Bank	12 1/2%	Bank of Montreal	12 1/2%
Allied Dunbar & Co.	12 1/2%	Bank of New York	12 1/2%
Allied Irish Bank	12 1/2%	Bank of Paris	12 1/2%
American Express Bk.	12 1/2%	Bank of Rome	12 1/2%
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Bank of the South			

THE RECENT disclosure that Japanese banks have overtaken the Americans to become the world's largest holders of foreign assets...

But the news can hardly have come as a surprise to international bankers who have observed that growth for some years with a feeling already clearly in the air...

Only a few weeks ago, Mr Peter Leslie, the chief executive of Britain's largest bank, Barclay's, made what was for a banker an uncharacteristically outspoken comment about Japanese banks...

London has had a long tradition of welcoming foreign banks, and the Japanese banks are playing a valuable role in the growth of London as a financial centre...

The Japanese banks' new supremacy was set out in the latest quarterly report from the Bank for International Settlements in Basle. This showed that at the end of last September their assets outside Japan...

Much of this is concentrated in London, the centre of the international banking market, where the latest Bank of England figures show the Japanese banks holding just over 25 per cent of all banking assets booked in the UK...

As with much of Japan's commercial expansion overseas, the banks' growth stems from a combination of a quest for new markets, an aptitude for picking up the latest single force in the UK banking market in the first half of this year...

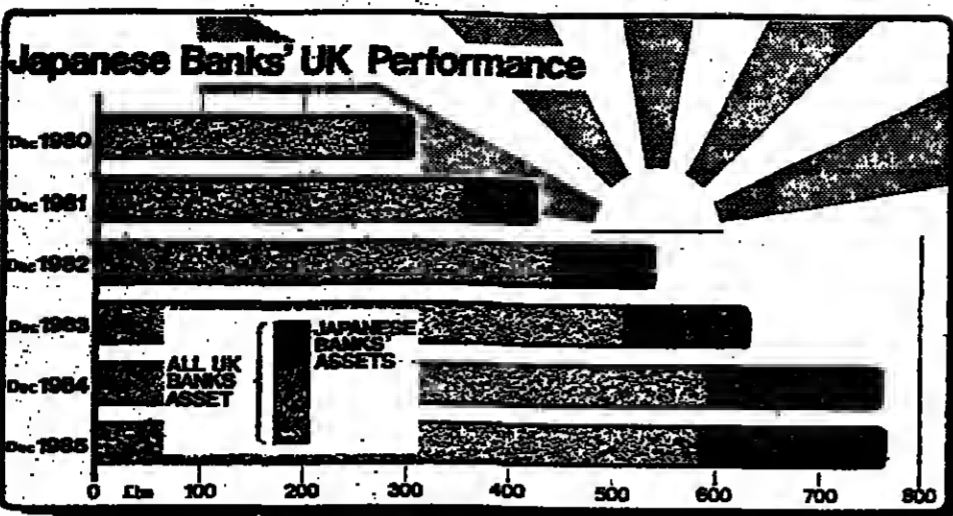
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JAPANESE BANKS



The rise and rise of the cut-price lenders

By David Lascelles in Tokyo

still have only about a quarter of their assets abroad, compared with 50 per cent for a typical Western international bank. This leaves them considerable scope for further expansion.

Mr Lohiya Kumagal, head of international banking at Sumitomo, widely viewed as Japan's most aggressive bank chief, says the international share of our profits at the moment is about 20 to 25 per cent. We want to expand: that because it's not enough.

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Mr George Curaby of the Tokyo-based financial services consultancy, International Business Information, who has advised many foreign banks entering the Japanese market, said: "The Japanese are going to split the foreigners dry and then spit them out."

Western bankers feel they could match the competitive threat from Japan, were it not for the vexed, if technical, question of the Japanese banks' capital ratios. While most banks in Europe and North America are required to have about 81 of capital for every \$20 of assets, the Japanese get by with one for 40 under their regulations.

This higher gearing has two effects: it reduces the Japanese banks' costs, and in effect enables them to ignore rates of return on their capital.

target market. Last year's decision by the Japanese Ministry of Finance (MoF) to allow foreign banks into the domestic trust banking business is viewed by many bankers as little more than a ploy to enable the West's fund management knowhow and technology, so that it can be lapped up by Japan's still backward trust banks.

Mr George Curaby of the Tokyo-based financial services consultancy, International Business Information, who has advised many foreign banks entering the Japanese market, said: "The Japanese are going to split the foreigners dry and then spit them out."

Western bankers feel they could match the competitive threat from Japan, were it not for the vexed, if technical, question of the Japanese banks' capital ratios. While most banks in Europe and North America are required to have about 81 of capital for every \$20 of assets, the Japanese get by with one for 40 under their regulations.

This higher gearing has two effects: it reduces the Japanese banks' costs, and in effect enables them to ignore rates of return on their capital.

The picture is complicated by the fact that Japanese banks have huge hidden capital reserves in the form of unrealised profits on their investment portfolios. Even so, they are less profitable than other banks...

reserves in the form of unrealised profits on their investment portfolios. Even so, they are less profitable than other banks. This is seen as evidence that they undercut markets. According to IBCA, the London-based banking analysis firm, Japanese banks made a net return on their equity of only 3.4 per cent in 1984, despite being able to gear it up more highly than banks in other countries. This compared to 6.8 per cent at UK banks and 12.8 per cent at US banks.

The Japanese banking threat poses something of a dilemma for Western banking authorities, particularly those in London and New York. They feel they cannot bar foreign banks from such big international financial centres so long as they behave prudently, and are adequately supervised by their own authorities—which the Japanese are by the eagle-eyed, all-powerful MoF.

And though the new financial legislation being prepared in the UK to deal with the deregulation of the City contains reciprocity clauses, they cannot be applied to Japanese banks now the Tokyo authorities have eased up on foreign entry regulations as part of the sweeping deregulation of their own markets.

But the Japanese authorities are responding to Western pressure to introduce firmer capital ratios, and they say they accept the need to co-operate with regulatory bodies from other countries.

The MoF has already introduced an experimental system of capital weightings for the banks' overseas branches. This measures their capital adequacy on the basis of the riskiness of their assets. It is now drawing up proposals for an overall risk asset scheme.

But the debate about the proposals is highly sensitive. Japanese banks obviously do not want to be shackled with sudden or heavy new capital ratios and in the give-and-take of Japanese financial regulation, the MoF will not deliberately undercut the banks' international competitiveness.

In the much broader context of Japan's commercial relations with the outside world, some Westerners believe that a steady growth in Japan's invisible earnings from financial services could be a good thing. It does less direct damage to foreign economies in terms of job losses and factory closures and makes Japan less vulnerable to protectionist sentiment abroad. Through that, it might even enable Japan to be a bit more flexible in its negotiations on the far more touchy political question of its visible trade surplus.

The picture is complicated by the fact that Japanese banks have huge hidden capital reserves in the form of unrealised profits on their investment portfolios. Even so, they are less profitable than other banks...

UK pre-emptive rights A system that is worth fighting for

By Jim Findlay

THE stock market has been described aptly as a marriage of convenience between those who wish to raise money and those who wish to invest money. Inevitably the relationship between these groups is prone to occasional tension, notably when a quoted company comes to the market for fresh capital.

That tension is very much in evidence in the run-up to the Big Bang on the Stock Exchange, as some leading corporate financiers argue for a change in the rules to permit American-style capital raising operations. The debate turns on the rights of existing shareholders in the company that seeks to issue new paper.

If a quoted company issues new shares at a discount to the market price, there is a risk that existing shareholders who buy into the company on the cheap, finance the important part of the company law and in the Stock Exchange's present listing requirements to so-called "pre-emption" rights.

The recent Stock Exchange discussion paper, "Flotation and Pre-emption", highlighted some of the important points of principle underlying rights of pre-emption. It is timely to look more closely at the likely consequences of any weakening of these rights.

Existing shareholders enjoy the fullest protection from unwelcome dilution of their interest in a company under the conventional British rights issue; the device of the transferable allotment letter ensures that they can participate pro rata in any favourable price movements arising from the capital raising exercise.

Second, a placing is said to involve a more flexible timetable. Both arguments are open to question. The narrower placing discount does not benefit all the proprietors of the company since it transfers value from some old shareholders to new ones. The true cost of the capital raising exercise must take account of this transfer.

As for timing, it is not clearly preferable as those made to finance acquisitions are not subject to delays arising from the capital issues queue. Wherever the issue of new shares for cash requires subsequent shareholder approval in general meeting, the timetable is not dissimilar to that required by a rights issue. Introduction of transferable allotment letters into a capital raising timetable should not present insurmountable difficulties.

It is important to recognise that the issuing house may find itself involved in a potential conflict of interest in advising a corporate client on the appropriate format for the issue. Under a placing the issuing house and its investment clients will usually have privileged access to the new shares. Sounding based capital issues are likely to have a favourable impact on the share price; a large capital profit can thus accrue to the fortunate participants in the issue at the expense of some existing shareholders.

It is also essential to note when comparing the relative costs of rights issues and placings, that the absence of underwriting commission in a placing will probably be more than offset by the prospect of immediate capital gains in respect of new shares retained by the placing group. Once again, most existing shareholders, in effect, bear the cost of these gains.

The dissipation of value from existing shareholders and inevitable dilution of their holdings cannot be expected to develop further the community of interest between company managements and shareholders. As the Big Bang approaches, much is made of the importance of ensuring that London's position among international capital markets is not disadvantaged by unduly restrictive measures designed to protect shareholders in UK-based companies. However, greater protection for shareholders in London risks other financial centres might be expected to result in higher market ratings for London quotations. This might increase the number of companies seeking London listings.

In the US quarterly financial reporting facilitates the speedy arrangement of "shelf issues" but would similarly facilitate rights issues. Large multi-functional securities companies tender for new issues of shares in what is known as the "bought deal" and shareholders seek compensation for any obvious abuse of pre-emptive rights through the legal process. Notwithstanding these techniques, issue expenses in the US are usually higher than in London.

Some companies argue that placings in international markets serve to widen shareholders' lists. This could be attractive to existing shareholders provided that the new shareholders paid the full market price or above for their shares. From a purely price standpoint the best option is for any demand for shares to be met from the existing pool.

The pricing of new equity in international capital markets is often obscured by the technicalities of bond conversion rights and warrants, together with pre-issue market adjustment when an issue is priced some time after general details have been published. Evaluation of the various instruments used in the prevailing ordinary share price and new shareholders are subsidised by the old.

Shareholders have not sought to apply an absolute ban on the issue of shares to a non-share holding group. They have supported the power of companies to issue up to 5 per cent of their equity for cash subject to annual authority by special resolution.

We believe that there are advantages to companies as well as to existing shareholders in retaining the principle of pre-emptive rights. We must ensure that the capital raising system is as flexible and competitive as is necessary in an international context.

Manufacturing industry

From Mr J. Estwell and Mr H. Neuburger

Sir—At the core of one side of the arguments in the recent correspondence on UK manufacturing industry, stands the fallacy of confusing identities with behavioural relationships: that lie behind them. That the balance of payments must balance is a matter of accounting. What should be concerned with are the different levels and rates of growth of output, both domestic and foreign, and the level of the exchange rate associated with that balance.

The severe fall in manufactured output which took place in 1980 and 1981, on a scale far in excess of that suffered by any other country, was not stimulated by the increase in VAT, conspired to undermine British manufacturing industry. There was a dramatic fall in manufacturing productivity in 1980 and 1981. The subsequent productivity growth to which Prof Maynard refers has been a degenerate growth, associated with loss of capacity, not with expansion and modernisation. The Commission for Economic Co-operation and Development now estimates that productivity growth in Britain is the slowest in Europe. Even our inflation rate is poorer by international standards. None of this was inevitable.

North Sea oil provided Britain with a golden opportunity to break out of the stranglehold which the balance of payments has placed on the expansion of the economy since the war. While oil revenues had been invested in the modernisation of British manufacturing industry and the reconstruction of our decrepit infrastructure, then not only would Britain have avoided the worst ravages of the world recession, but also the country would have emerged with a strengthened manufacturing industry which could fill the gap in oil revenues decline in the next decade.

The higher rate of growth this modernisation strategy requires would, in circumstances of world recession, have predicted a sharp deterioration in the materials balance and in the balance on manufactured trade, a deterioration financed by the surplus on oil account. The balance of payments would—in its inevitable high rate of growth, at a given level of employment and, higher a policy of stimulating investment in manufacturing, high rates of non-degenerate produc-

Letters to the Editor

Our long-term future rests in securing a more competitive industry. But there is a right way and a wrong way of attaining this objective.

The wrong way relies on real wage reduction to render a stagnant manufacturing sector "competitive". This is a futile solution with no hope of long-term success in the face of competition from the Third World. No country has impoverished itself to prosperity.

The right way is to secure a high rate of productivity growth by the modernisation of our manufacturing industry. That modernisation can proceed only via a high rate of investment. The policies of this government have resulted in negative net investment in manufacturing in 1981, 1982 and 1983, and a rate of manufacturing investment which is today still 18 per cent lower than in 1979.

This is why our manufacturing deficit matters. It is a deficit of degeneracy and decay. Not a deficit which is a consequence of exploiting the opportunities offered by oil revenues to launch a constructive modernisation strategy for British industry.

John Estwell, Henry Neuburger, Economic Advisers, Neil Kimock, MP, House of Commons, SW1.

Monopolies and water Sir—Readers will have noted that the Thames Water Authority is very keen to be first in the queue for privatisation of its services. Equally, I think they should be made amply aware that in no way does such enthusiasm (shared by the board) carry with it the imprimatur of its six consumer consultative committees; all have expressed reservations to varying degrees. That is not at all surprising since no convincing detailed evidence has yet been produced to show, clearly, that the public would be properly protected under a private monopoly of an essential and indispensable service and that consumers would be better off financially than under the present arrangements. In other words, the case for privatisation is "not proven". There is a peculiar paradox arising from the Government's proposals. If two large companies retaining, say, non-essential merchandise, wish to amal-

gamate, it is very likely that such a proposition would be referred to the Monopolies and Mergers Commission to determine whether it would operate against the public interest.

On the other hand, the creation of a private monopoly for providing what is, undoubtedly, the most important commodity for sustaining life together with it being given, effectively, the power to tax can proceed, apparently, unhindered!

Roland Rench, 8, Minshill Place, Park Road, Beckenham, Kent.

Money and months

From Mr C. Hickey Sir—We are now told that the Government (taxpayers) have already contributed some £2bn. needs to find another £1.5bn in order to ensure the continued viability of B.C.A. wonder if the situation does not offer an opportunity to the pundits of all persuasions to actually do something.

Might not Mr Heath, for instance, who has both eyes and ears, be persuaded to get together with trades union leaders (so that labour and capital can be seen to form a credible consortium) for the express purpose of raising sufficient money to "restore faith in British industry." Might not such a solution offer everyone a truly democratic choice and "freedom of action" but this time to put their money where their mouth is. C. D. Hickey, Balcombe, Sussex.

Archaeological remains

From Mr J. Dayton Sir—As an archaeologist and civil engineer (Chiswick Flyover, et al) I am always amazed that the public and the archaeologists accept that remains should be destroyed and lost forever when some new office block is put up in the City of London, and for that matter in the country generally. Office blocks these days are constructed over deep holes in the ground in which are located heating systems and car parks. It is the excavation of the deep basements of these buildings that destroys the archaeological evidence, which is carted away and dumped on the Kent or Essex marshes. These holes are constructed in sheet steel cofferdams and concrete which

penetrate to the London clay and so provide curtain walls which keep out the groundwater in the London ballast. The blocks are usually built on piled foundations.

The solution is quite simple and costs little. Don't dig so deep. The loss of a couple of columns for the greedy motor car could be compensated by making multi-storey offices a little higher—giving the same amount of floor space. The bottom-most floor, supported on columns within the curtain wall, could be constructed over the archaeological remains, which would then be available for all to see and visit.

As the Roman forum is known to lie under Leadenhall Market, visitors would be able to stroll once again on its very stones (under the new concrete buildings) and goods sold from all the shopkeepers.

Similarly, Roman remains could be protected by a Roman road at Dover—it could have been bridged over—ditto Thomas à Becket's garden at Canterbury. Do we have to go so deep and destroy every vestige for no real commercial purpose?

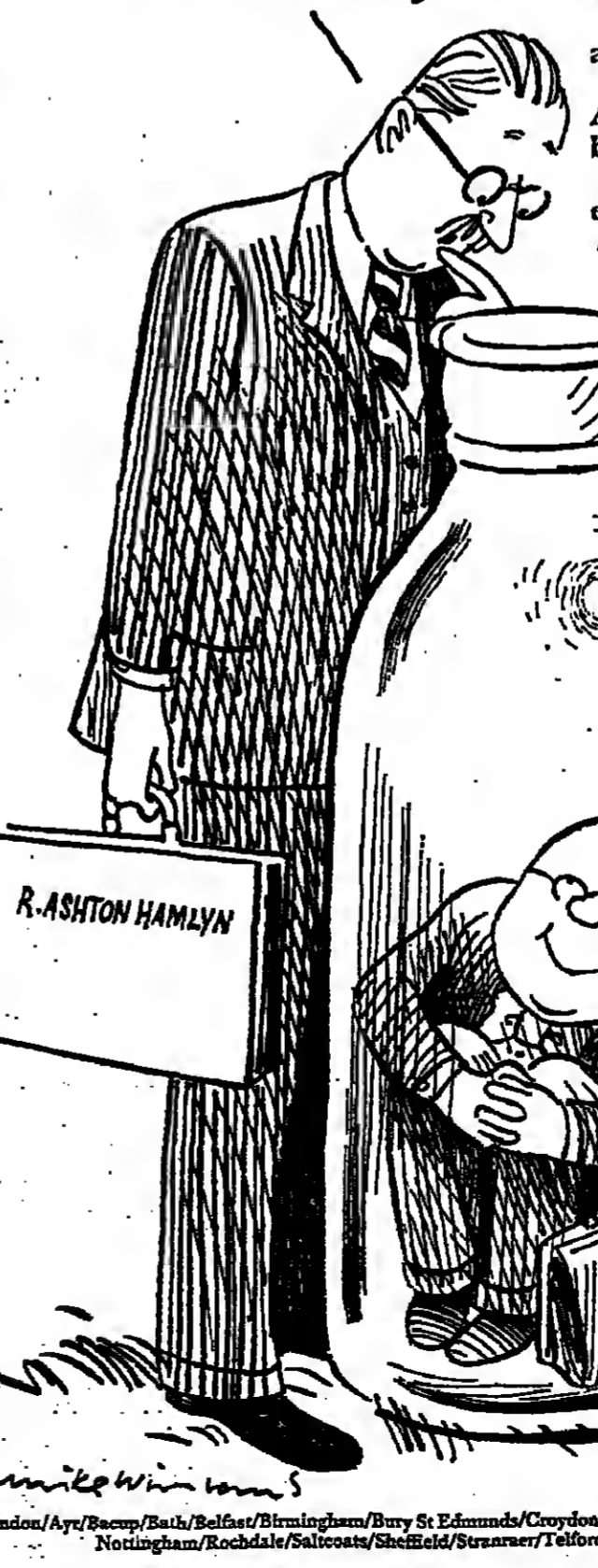
Voluntary export restraints

From Mr D. Greenaway Sir—Mr Javert's comments (February 5) on the effects of the voluntary export restraint on Korean footwear reveal a misunderstanding regarding his own figures. The basic issue is one of whether or not the VER affected import prices. We are content to conclude from our analysis that prices of footwear were raised by the VERs. Mr Javert seems to be suggesting that other factors related to changes in product quality, stocks and so on were responsible for changes in the unit value of footwear imported from the Far East. If he is correct in his presumption that the VERs were not restrictive then he would presumably support their removal. David Greenaway, University of Buckingham, Buckingham.

Space battles widespread

From Mr P. Savage Sir—I was interested to read (February 5) the headline "US plans computer network to simulate space battles". Do they not know that these are readily available in the amusement arcades throughout the western world? Paul Savage, Hilton, Sharp & Clarke, 30 New Road, Brighton.

"I don't much care how you got in there, Binder old bean, but I do wonder why."



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FINANCIAL TIMES

Wednesday February 12 1986

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SWEDISH GROUP GIVEN SECOND CHANCE TO TENDER

Anger over UK defence contract

BY BRIDGET BLOOM, DEFENCE CORRESPONDENT, IN LONDON

BRITAIN'S Ministry of Defence has re-opened bidding on an army contract for helicopter missile sights in an attempt to win an order from Sweden for Westland helicopters.

It believes Sweden might be prepared to buy the helicopters if the missile sight contract were to be awarded to a group of companies led by Saab, one of Sweden's leading defence contractors.

The decision to re-open the £70m (598m) contract, taken late last year, has angered British Aerospace, which has been in competitive negotiations to supply the missile sights over the past two years and had been told in September that its bid had been accepted.

It has also angered the British army, which now fears it may have to buy equipment that it does not want, at a date much later than planned.

The original contract was to update the roof-mounted sights of the Army's Lynx helicopters to give the army's Lynx helicopters night, as well as day, vision capability.

The contract process has been re-

Westland yesterday announced that it had won a £28m (528m) order for five Lynx helicopters from the West German navy, which already operates 14 of the Anglo-French aircraft. The announcement came less than 24 hours before a Westland special shareholders' meeting in London today where the directors will seek approval of the Sikorsky/Fiat rescue plan.

opened to allow Saab Instruments, together with the UK company Pilkington and Emmerson of the US, to bid with a completely new system which would mean stripping out the old.

The decision to re-open the contract is understood to have been taken reluctantly by the ministry's procurement executive, the body responsible for buying more than £28m worth of military equipment a year for Britain's armed forces. Political pressure stemming from the crisis over Westland is said to be primarily responsible.

Suggestions that there is a link between the re-opening of the contract and an offer by the Swedish Government to buy between 20 and 30 British-made helicopters are denied both by the Swedish Government and Saab.

However, Mr Kenneth Warren, a

British Member of Parliament and chairman of the House of Commons select committee on trade and industry, specifically made such a link in the parliamentary debate on Westland three weeks ago.

In addition, the Swedish Government last week sent a letter to the Ministry of Defence at the request of Saab, outlining its policy on barter and offsets in its defence trade. According to officials, the Swedish Government made clear that, while the Royal Swedish Air Board has a requirement for 20 to 30 transport helicopters of the Westland 30 type and some rescue helicopters such as the Westland Sea King, no formal specifications had yet been drawn up.

The Swedish Defence Material Administration is understood to have said in its letter that, while it was not generally in favour of off-

UK farm minister moots curb on cereals output

By Andrew Gowers in London

MR MICHAEL JOPLING, the UK Agriculture Minister, yesterday presented farmers with a fresh proposal to curb the cereals surplus by encouraging marginal grain producers to take land out of production.

In a speech to the National Farmers' Union, he acknowledged that the EEC was unlikely to agree on price cuts of a sufficient order to reduce grain output and described the European Commission's proposal last week for a tax on cereal producers as "largely if not entirely irrelevant to the underlying problem of achieving a more sensible market balance."

"It may be," he added, "that before long we may be forced to consider a much more radical package of measures."

The EEC's grain surplus has been growing rapidly over the last few years, reflecting increasing productivity and stagnant domestic and export demand. It is an important factor in the recent headline rise in the Community's farm budget.

His remarks set the seal on a significant shift of emphasis at the Ministry of Agriculture over the last few months, reflecting gloom at the abortive attempts last year to push through large price cuts for cereals.

Previously, Mr Jopling had stressed price restraint as the principal means of achieving production cutbacks. But recently he has been underlining the need for a package of measures - including price discipline - to tackle the surplus.

Some other EEC farm ministers - in particular Mr Ignaz Kiechle of West Germany - have made it known that they would be prepared to consider restrictions on cereals output, possibly in the form of quotas as applied to milk production two years ago. This, however, is still being vehemently resisted by Mr Jopling.

Officials said yesterday that his suggestion of a voluntary scheme to encourage farmers on marginal land to quit cereals production was simply one option, and few details had been worked out. It would probably resemble the European Commission's proposals for an EEC-wide "outgoers' scheme" for milk, under which dairy farmers would be paid to give up milk production.

Mr Jopling is expected to propose the idea to EEC farm ministers when they hold their first discussion on this year's farm prices later this month. He may see it as a way of heading off the mounting pressure - both within the EEC and in Britain - for compulsory restrictions on cereals production.

The minister also made clear that the issue of alleged "discrimination" against Britain could become a big sticking point in this year's farm price negotiations. The European Commission's price proposals aim to soften the impact of some measures on particularly small farmers, of which there are very few in Britain.

THE LEX COLUMN

Twelve good men and true

Westland has sensibly concluded that the Albert Hall is too capacious a venue for today's extraordinary meeting but it now appears that even the more modest Crounagh Rooms may be a touch on the large side. To judge from the results of the Stock Exchange Inquiry every shareholder on the register could find a seat in a single W-30 helicopter.

The revelation that a dozen shareholders control all but about 15 per cent of Westland's equity must be especially embarrassing to Lloyds Merchant Bank which, it now transpires, was seeking more shares than could realistically be tendered.

It also puts Westland's chairman, Sir John Cockcroft, in the most unenviable position. Under the rules governing Class 4 transactions, of which this is one, no shareholder owning 10 per cent or more of the company may vote that holding if he or she (we may never know which) has an interest in the outcome. Determining precisely who - among the disclosed holders - has such an interest was only the first of the company's difficulties. The problem now is to figure out who stands behind the six undisclosed holdings which together add up to 20.33 per cent.

It may be that those holders, half of whom are using Swiss nominee accounts, are not acting in concert with anyone else, do not own shares in any other name and have no commercial interest in the outcome. There again, it may not. Those investors must, by definition, have paid over the odds for their equity and precedent suggests that shareholders who are happy for their identity to be known do not shelter behind Swiss nominee accounts.

To postpone the meeting while this is sorted out would serve no useful purpose but, failing proper disclosure, the aggregate 20.33 per cent should be discouraged from voting. If disclosure is forthcoming, all will be well.

Mrs Thatcher has insisted throughout that Westland's future should be decided by its shareholders and so it shall. By all 12 of them.

Amstrad

The City of London may have some difficulty understanding anything to do with electronics, but so resoundingly as Amstrad yesterday. While the stockbroking fraternity was losing its collective sleep on audacious forecasts of a 50 per cent increase in pre-tax performance, Amstrad quietly announced just short of a doubling of interim profits - from £1.5m to £2.7m. The resulting scamper to capitalise on these earnings caused the Amstrad share price to rise 50p to 342p, adding a mere £27m to Mr Alan Sugar's paper fortune.

It may be that the market is less able than the public to distinguish between the home computers that the likes of Dixons were selling over Christmas and the Amstrad versions. Or perhaps it was reluctant to trust a share that could have been bought for under £2 in January - or at least until an Edinburgh stockbroker stumbled on the tremendous volume growth in the period. What Mr Scott managed to predict was that the doubling of sales volume amid the fastest price inflation could be achieved on a 50 per cent improvement in operating margin.

Amstrad appears to have squared the circle: it can sell highly profitable products that work, when price and specification are travelling in opposite directions. Of course, the refusal to manufacture revenues any need for margin to be retained for capital requirement and, anyway, Amstrad has managed to plug into a less price-sensitive stage of the home computing cycle in continental Europe. Yet this would be useless without a few new tricks: Amstrad has brought to the business, whether by balancing seasonal demand - say of all-year word-processors against Christmas computing toys - or by committing a foreign distributor such as Sears in the US to picking up the residual inventory. Disappointed shoppers are infinitely preferable to the sort of stock crisis that hit Sinclair and Acorn in 1984.

The question now is not so much

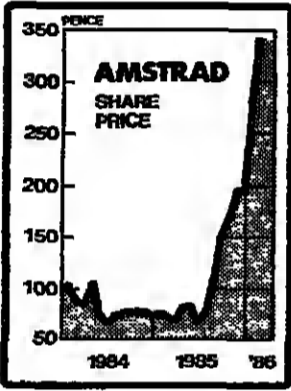
whether Amstrad, which has managed the sort of production shift from audio-visual to computing that eluded entire consumer electronics industries, can capitalise on the possibility of replacing products as they mature with new machines in the networking market about which Amstrad knows little. This matters little with the word-processor only beginning its life-cycle, let alone against the current stock-market rating of this and next year's earnings. Estimates for this year, for what they are worth, suggest £3m pre-tax and a price-earnings ratio at a 18 per cent discount to the market.

CBS

So far, at any rate, shareholders in CBS need have no regrets that the company was able to defend itself against last year's junk-bond boom. Thanks to the irascible Mr Ted Turner, their company bought back a fifth of its equity in August and has not merely emerged with a more fashionably leveraged balance sheet, but with an ally - Loews - which seems ready to buy a few more shares whenever the price drops towards \$10.

CBS may be confident that its core markets are improving, but as yet there is no sign that its earnings have started to do likewise. Operating surplus will have to move up quite fast to offset the increased interest burden, while the cost base still looks overweight. An increase of 2 per cent in broadcast operating revenues in the fourth quarter is accompanied by an unpromising 12 per cent drop in net income.

No doubt CBS is well out of its involvements in toys, movies and software: paying to exit from these entertainment has taken a big chunk out of shareholders' funds in the past few months. It is perfectly possible that the combined slimming-down and gearing-up processes will produce some racier results before long, according to recent Wall Street doctrine; if not, shareholders can presumably expect less gentlemanly action from Loews.



Amstrad boosted by word processor

By Jason Crisp in London

AMSTRAD, the British computers and consumer electronics group, yesterday reported pre-tax profits of £27.5m (\$38.8m) in the six months ending December 31, some £7.5m more than in the whole of its last financial year.

The figures were considerably higher than expected - almost three times last year's £9.5m - and the shares rose 50p to 342p. Mr Alan Sugar, chairman, managing director and founder, saw his 50.4 per cent stake jump in value by some £27.5m to £188m yesterday.

Amstrad's success was due to better-than-expected sales of home computers in overseas markets and very strong demand for its low-cost word processor launched last September. Sales in the first half alone doubled from £56m in the last financial year to £128m, and margins also improved from 14 per cent to 21 per cent.

Overseas sales now account for 58 per cent of turnover, which is expected to rise to 65 per cent for the full year, with France, West Germany and Spain as the most important markets.

Most of its overseas sales are computers, but the company is now planning to sell audio equipment in countries where it is well-known. Its subsidiaries or agents in countries such as France and Spain as well as Scandinavia are setting up separate divisions to sell audio equipment.

Audio and video products now only account for 16 per cent of turnover compared with 96 per cent less than two years ago. Mr Sugar said he expected a "tremendous growth" in audio products in 1986 as a result of the move overseas and the launch of two low-cost compact disc systems which become available next month.

Italian semiconductor group to develop and sell AT&T circuits

BY ALAN FRIEDMAN IN MILAN

AMERICAN Telephone & Telegraph, the big US telecommunications group, yesterday announced a five-year international agreement with SGS under which Italy's leading semiconductor manufacturer company will help to develop and market AT&T bipolar integrated circuits and high-voltage circuits.

Mr Matthew Sagal, AT&T's New York-based director of international strategy, said yesterday that he hoped the agreement would yield annual sales of about \$100m "in the latter part of the five-year period."

The products would employ complementary bipolar integrated circuits, or CBICs, a "unique AT&T technology" which had, for the past 20 years, only been applied internally in the manufacture of AT&T products.

The plan is for AT&T to produce the CBICs at its wafer fabrication plant in Reading, Pennsylvania. Packaging (assembly and testing) will be done at Reading and in Bangalore, and Singapore. All products will be distributed worldwide by SGS, under the SGS trademark.

The agreement does not exclude similar deals between AT&T and other companies. The target is the global bipolar circuit market which is valued at about \$4bn a year - or roughly 16 per cent of the \$25bn global integrated circuit market. The main competitors already selling bipolar circuits include Texas Instruments, National Semiconductor, Philips and Japanese makers.

Although SGS's fundamental responsibility will be marketing, the

deal should provide a boost to SGS's annual turnover, at present just above \$300m.

AT&T says that, while the deal is worldwide, it expects to develop a strong position in the European market.

The US group is expected to announce soon plans to open its first co-ordinated Europe-wide sales and marketing centre, based in Munich, where AT&T already has a design centre.

Mr Sagal stressed that the applications of the new products would go beyond the telecommunications sector and were also aimed at industrial manufacturing, including the automotive and consumer electronics fields.

Court challenge by Minebea's foreign suitors

By Charles Batchelor in London

TRAFALGAR HOLDINGS, the US group, and Glen International of the UK have applied to a Japanese court in support of their takeover bid for Minebea, the Japanese ball bearing manufacturer.

Trafalgar-Glen, the joint-venture company representing the two predators, filed a suit in the Nagano district court on Monday in an attempt to block the proposed merger of Minebea with Kanemori Company and to nullify the bulk of Minebea's private placement of ¥150m (\$65m) of convertible bonds.

Trafalgar-Glen also intends to file today with the Japanese authorities a notice of its intention to acquire more than 10 per cent of Minebea's capital stock. This would be the first time a foreign group, not already associated with a Japanese company, had made such a filing under Japan's foreign exchange and trade control laws, Glen said.

Glen and Trafalgar, both investment groups, launched their bid - the first contested offer for a Japanese company - in October on the basis of a stable stake held in the form of Minebea equity, convertible bonds and warrants. The bid values Minebea at about \$1.4bn.

Trafalgar-Glen alleges in its lawsuit, which is against Minebea and Kanemori Company - which is controlled by Mr Takami Takahashi, president of Minebea - that the convertible bond issue was intended to dilute the Trafalgar-Glen holding in Minebea and did not serve the normal financing needs of the company.

CBS profits slide but Loews raises stake

BY WILLIAM HALL IN NEW YORK

CBS, the US broadcasting and entertainment group whose share price continues to be buoyed by takeover speculation, yesterday reported a 52 per cent drop in 1985 income from continuing operations to \$202.6m or \$7.27 a share.

The group's fourth-quarter earnings from continuing operations fell by 53 per cent to \$55.5m, or \$2.23 a share. At the net level, the group's full-year earnings fell 67 per cent to \$27.4m, or 81 cents, on revenues which rose 2 per cent to \$4.76bn.

The company says that the decline in net income was primarily due to its decision to discontinue its toy, theatrical, film and home computer software operations, in the third quarter.

Although the figures were disappointing, CBS shares rose 54¢ to \$11.88 in early New York trading yesterday. This followed the announcement that Loews Corporation had increased its stake in the company from 11.9 per cent to 12.3

per cent by buying 90,000 shares at \$110 on January 23. Loews Corporation, which helped CBS fight off an unwelcome takeover bid from Mr Ted Turner, the Atlanta-based media entrepreneur, last year, had earlier agreed with CBS that it might raise its stake in the company to 25 per cent.

Mr Thomas Wyman, CBS chief executive, said that "1985 was a year of dramatic change for the media industry - highlighted by intense activity in the merger/takeover area and difficult business conditions. We are pleased to preserve CBS's independence by successfully defending against a hostile takeover attempt and to provide substantial benefits to our shareholders through the recapitalisation programme."

Mr Wyman said that, having streamlined the company's business and focused on three core operations, CBS was in an excellent competitive position to "capitalise on an improving economy."

Westland rescue vote

Continued from Page 1

The tender attracted only 4.26 per cent, well below the necessary 20.2 per cent needed to trigger the offer. Mr Horne, who intended to use the tender tactic to help block the Sikorsky/Fiat plan, said "No wonder the tender failed with 94 per cent of the company held in 12 hands."

In a separate development, Mr Alan Bristow, the former helicopter operator and staunch supporter of the European rescue, disclosed that he was considering legal action against Sir Gordon White, chairman of Hanson Industries, the US arm of Hanson Trust, over remarks concerning a meeting at Claridge's last month.

Mr Bristow claims he was offered a seat on the Westland board if he agreed to sell his shares before last month's shareholders' meeting. The meeting was attended by Sir Gordon, Sir John, and Mr Hubert Faure, the senior executive vice president of United Technologies, Sikorsky's parent. Both Sir Gordon and Sir John deny this.

Last night, Mr Faure issued a statement saying that no offer was made to Mr Bristow before, during, or after the shareholders' meeting.

"I have consistently refused to make any commitment to Mr Bristow," he said.

Shcharansky flies to Israel

Continued from Page 1

nevertheless seen in Jerusalem as an important gesture of goodwill by Moscow.

● In Johannesburg, the South African Government said that Mr Nelson Mandela, the imprisoned black nationalist leader, would not be freed as part of the spy exchange. The Justice Ministry said the release of Mr Shcharansky did not meet South Africa's conditions for freeing Mr Mandela, the 68-

year-old activist who has been in jail since 1962.

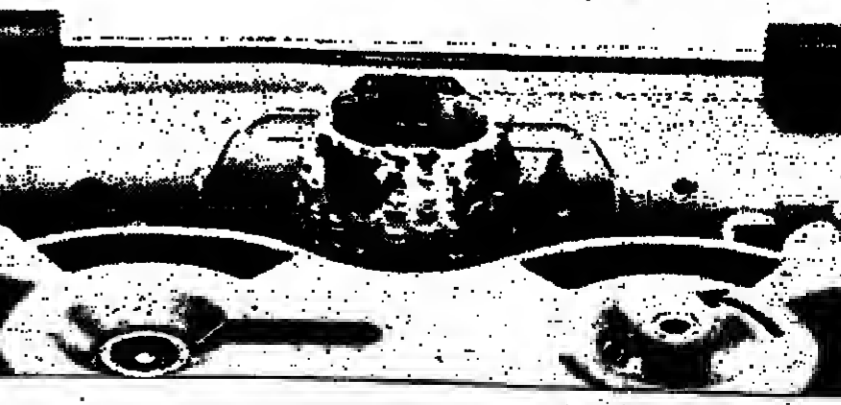
South African President P. W. Botha, in a surprise statement a fortnight ago, said that Mr Mandela might be released on humanitarian grounds if the Soviet Union released Mr Shcharansky, the nuclear physicist, and if Angola freed South African Capt Wynand du Toit, held since an unsuccessful raid on oil installations last year.

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City	Temp	Wind	Cloud	Humid	Pres	Visib
Algeria	12	10	10	50	1015	10
Amman	15	10	10	50	1015	10
Amsterdam	12	10	10	50	1015	10
Bahia	25	10	10	50	1015	10
Bangkok	28	10	10	50	1015	10
Bombay	28	10	10	50	1015	10
Buenos Aires	18	10	10	50	1015	10
Calcutta	28	10	10	50	1015	10
Cairo	22	10	10	50	1015	10
Chongqing	18	10	10	50	1015	10
Copenhagen	12	10	10	50	1015	10
Dacca	28	10	10	50	1015	10
Dhaka	28	10	10	50	1015	10
Hankow	18	10	10	50	1015	10
Hong Kong	22	10	10	50	1015	10
London	12	10	10	50	1015	10
Lyons	12	10	10	50	1015	10
Manila	28	10	10	50	1015	10
Medan	28	10	10	50	1015	10
Osaka	18	10	10	50	1015	10
Paris	12	10	10	50	1015	10
Rangoon	28	10	10	50	1015	10
Seoul	12	10	10	50	1015	10
Singapore	28	10	10	50	1015	10
Taipei	22	10	10	50	1015	10
Tokyo	18	10	10	50	1015	10
Yokohama	18	10	10	50	1015	10

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SECTION II - COMPANIES AND MARKETS

FINANCIAL TIMES

Wednesday February 12 1986



EXTENDING THE FRONTIERS OF ENGINE COMPONENT TECHNOLOGY

Schering sales rise 7% to more than DM 5bn

BY LESLIE COLTIN IN BERLIN

SCHERING, the West German pharmaceutical and chemicals group, lifted sales by 7 per cent last year to just over DM 5bn (\$2.1bn), it said today, although undisclosed, were improved over 1984, when group earnings rose to DM 138m and an increased dividend of 24 per cent was paid.

The West Berlin-based company said a fall in its growth rate in the course of last year resulted mainly from the drop in the value of the dollar and other currencies in relation to the D-Mark. Schering currently does 19 per cent of its worldwide turnover in the US compared with 17 per cent in West Germany.

An undisclosed loss was made by the company's US operations. This was described as the result of the weakening dollar and increased

costs from the introduction of its birth control pills in the US under a marketing agreement with American Home Products.

Schering's foreign sales rose 7 per cent to DM 4.2bn while domestic turnover was up 5 per cent to DM 883m.

Pharmaceutical sales increased by 11 per cent last year to reach DM 2.1bn, with oral contraceptives contributing strongly to the growth. Birth control pills made up a quarter of pharmaceutical turnover and Schering has plans to introduce an improved "pill" in the US within a few years. It is the third largest producer of oral contraceptives worldwide.

An undisclosed loss was made by the company's US operations. This was described as the result of the weakening dollar and increased

sector, rose 4 per cent to DM 1.4bn while industrial chemicals were down 1 per cent to DM 981m. The company said this division was affected mainly by the slowdown in US industrial activity.

Turnover in specialty chemicals rose 6 per cent to DM 302m while the electro-plate division recorded a 13 per cent increase to DM 31m. This was achieved despite a worsening situation in the electronics industry.

Schering's investments rose 30 per cent last year to DM 344m. Investments abroad were up 38 per cent to DM 165m and in West Germany rose 24 per cent to DM 199m. The main foreign investments were at the FBC subsidiary in the UK and at Sterex Chemical in the US.

Gander crash airline files for Chapter 11

BY OUR FINANCIAL STAFF

ARROW AIR, the Miami-based carrier, filed yesterday for reorganisation under Chapter 11 of the US bankruptcy code in the wake of the crash of its DC-8 airliner in Newfoundland last December.

Arrow Air's filing was accompanied by bitter complaints about a US congressional committee investigating the crash, in which 248 US soldiers and eight crew died.

Arrow said yesterday that the

committee was "determined to prejudge" the outcome of a Canadian investigation into the disaster, which happened soon after take-off from Gander airport.

The airline also cited what it called an "unwarranted announcement" by the Federal Aviation Administration that Arrow had used unapproved spare parts in maintaining its DC-8s. At the weekend the FAA temporarily grounded 10

of the carrier's aircraft, saying that unapproved spare parts had been used.

The Chapter 11 filing will not affect insurance coverage or potential payments related to the Gander crash, but will give the airline protection against business creditors.

Arrow will continue operating cargo and charter flights but all scheduled passenger services have been halted immediately and 400 of

its 500 employees are due to be laid off.

Since the Gander crash, Arrow has faced a barrage of criticism, admitting soon afterwards that the aircraft concerned had been involved in two mechanical emergencies at take-off in the preceding six months.

The airline said adverse media coverage seriously affected advance bookings.

Justus Dornier plans expansion

By John Wickes in Zurich

MR JUSTUS DORNIER, the Swiss-based industrialist and former shareholder of the German Dornier group, is setting up a Zurich company to control and expand his international interests.

Justus Dornier Holding will take over his controlling shareholdings in the high-technology company Gyroling of Baden-Baden, and in the Swiss company Stesa, of Biasca, which makes equipment for the semi-conductor industry.

Mr Dornier, who has minority stakes in other German and Swiss operations, plans to add further companies to his portfolio. The most important would be an interest in the Canadian aircraft concern Canadair, now the subject of negotiations with the Government in Ottawa.

Mr Dornier says he is "hopeful" about the outcome of the Canadian talks, which might be completed by the end of next month. He also made a bid for the Canadian De Havilland concern, but that was subsequently acquired by Boeing.

Head of the new company will be Mr Dieter Steiner, a former executive of Dornier Reparaturwerk of Munich, who has had close links with Canadair.

SE Banken profits static as borrowing costs increase

BY DAVID BROWN IN STOCKHOLM

SEKANDINAVISKA Bankerna, Sweden's leading commercial bank, reports stagnant operating profits for 1985, but plans to increase its dividend.

The group suffered because of the Swedish central bank's tough monetary policy, which pushed interest rates to record levels last May in an effort to contain a crisis of confidence in the krona.

Despite a subsequent easing in rates, SE Banken said overall bor-

rowing costs last year rose by SKr 500m (\$96m).

The bank's Swedish subsidiaries increased their earnings by 28 per cent while the foreign subsidiaries more than doubled their profits for the year.

A 7 per cent decline in net interest income was more than compensated for by a 10 per cent jump in commission and other receipts.

Overall, costs rose well in excess of income.

Göteborgs, the fourth-largest Swedish commercial bank, reports a sharp SKr 190m rise in operating profits to SKr 572m, which it attributes to higher domestic and international commission income and a significant drop in credit loss provisions.

The group proposes to increase the dividend on ordinary shares by SKr 1.75 to SKr 8 and to maintain an unchanged dividend on preferred shares.

UTA lifts earnings forecast

By Adrian Dicks in London

UNION DE Transports Aériens, the French long-haul airline, reports 80 per cent owned by Chargeurs, the transportation and industrial group, has revised upwards its earnings forecast for 1986 to FFr 750m (\$102m) - 25 per cent above the FFr 600m forecast by UTA two months ago.

Mr René Lapointe, chairman, said in London that about FFr 340m would be accounted for by a previously known insurance payment from an aircraft lost in 1984, but that the rest would result from operating profits reflecting a predicted 8.2 per cent increase in sales.

During 1986, UTA intends to improve its fleet to three Boeing 747-300 aircraft, which combine 280 passengers with 45 tonnes of freight capacity; one all-passenger 747-300; and one all-freight 747. Mr Lapointe restated his interest in the Airbus Industrie proposals for A-330 and A-340 long-haul aircraft, although he said new aircraft would have to demonstrate clear advantages over the present Boeing 747 and McDonnell Douglas DC-10.

UTA is confident of being able to pay for its new aircraft out of cash flow in addition to achieving a further strengthening of the balance sheet in 1986 that should see the debt-equity ratio improve to better than 1:1.

Amax hopes to break even after record loss in 1984

BY KENNETH MARSTON, MINING EDITOR, IN LONDON

AMAX, the US diversified natural resources company, aims to break even this year after losing a record \$621m, or \$0.35 a share, following write-offs of \$330m in 1984.

Mr Allen Born, the president and chief operating officer, who has succeeded Mr Pierre Gousseland, said in London yesterday he did not anticipate further write-downs this year.

He based his hopes of break-even in 1986 on a drive for greater efficiency and cost-cutting. He does not expect significant improvement in base metal prices, but is looking for

higher income from gold at the new Sleeper mine in Nevada, which should open in May, and two smaller gold mines operated by the 45 per cent-owned Australian Consolidated Minerals.

Amax is also anxious to take advantage of its large accumulated US tax losses, which can be applied only to domestic income. Partly for that reason, the company has agreed to acquire from American Electric Power the Price River underground coal mine near Helper, Utah.

It is to be re-opened after a year

and contains coal reserves in excess of 100m tons, with scheduled annual production of 1.5m tons.

Amax says the acquisition will involve no significant initial cash investment. The assets will be acquired primarily through long-term lease arrangements.

At the end of 1985 Amax's total debt stood at \$1.8bn. Mr Born hopes to reduce it to about \$1.2bn by the end of this year. The net asset value of the company is around \$700m, or \$10 to \$11 a share, but no early resumption of dividend payments is being considered.

IBM launches six computer models

BY PAUL TAYLOR IN NEW YORK

IBM, the world's largest computer group, has announced six new computer models including two additions to its mainframe series. It also announced sharp reductions in the listed purchase prices of its existing mainframe computer range.

The company said the moves would provide cheaper alternatives for new customers and for those upgrading from current systems. IBM, which dominates the US market for large mainframe computers with an estimated 70 per cent share, introduced two "entry level" single-processor mainframe machines to

its new 3090 series, with double the storage of its two existing 3090 models, and introduced four high-performance replacement processors for its 4381 line.

IBM said it was reducing the price of its 3090 series models by about 10 per cent to \$4.5m from \$5m for the model 3090-200 and from \$9.2m to \$8.5m for its most powerful mainframe, the 3090-400.

The price of its 308X mainframe series, the 3080's predecessor, is cut by up to 21 per cent.

The real impact of IBM's main-

frame price cuts on the fiercely competitive US mainframe market remains uncertain. IBM's competitors say the company had already been discounting the posted price of 3090 models to win orders. However, the price reductions on the older 308X line might help to lift sales of these machines, which industry executives say have been harmed by the rapid roll-out of the 3090 series and by plunging market prices for used equipment.

The introduction of the two entry-level 3090 models further broadens IBM's mainframe product range.

Nokia profits soar 59% to FM 542m

By Olli Virtanen in Helsinki

NOKIA, the Finnish diversified industries group, saw its profits climb 59 per cent last year to FM 542m (\$101.5m). Group turnover of Finland's largest privately owned industrial company rose by 18 per cent to FM 11bn.

Nokia's biggest industrial division, electronics, also produced the fastest growth. Its turnover rose 41 per cent to FM 2.502m.

Texas Oil merger plan wins backing

TEXAS OIL and Gas shareholders have approved a proposed merger with US Steel by more than two to one, Reuters reports from Dallas.

The merger, which has met with disapproval on Wall Street, was worth \$3.69bn to Texas Oil shareholders when it was announced on October 30. US Steel stock has since dropped more than 17 per cent, lowering the total value of the deal to \$2.95bn.

Texas Oil last year suffered its first earnings drop for 27 years.

Computervision loses \$21.8m in quarter

BY OUR FINANCIAL STAFF

COMPUTERVISION, the US pioneer of computer-aided design and manufacturing (CAD/CAM) systems, has reported further losses in the fourth quarter. The deficit of \$21.8m, or 78 cents a share, compares with net income of \$14.9m, or 52 cents, a year earlier.

For the year, net losses totalled \$80.7m, or \$2.82 a share, against net income of \$47.7m, or \$1.86, in 1984. Revenues fell from \$536.2m to \$441.1m for the year, and from \$163.9m to \$117.2m for the quarter.

Much of the fourth-quarter loss is due to an unusual \$14.1m charge covering reserves for adjustments in asset-carrying values and for disposal of excess facilities.

However, the company is experiencing an upturn in orders and reported its second consecutive quarter of positive cash flow.

Mr Robert Gable, president and chief executive, said that as a result of the company's reorganisation and restructuring, operating expenses in the last half of 1985 were down 19 per cent from the first half.

US lift-truck maker reports further losses

By Our Financial Staff

CLARK Equipment, the US construction equipment and vehicle parts group, has reported its second quarterly loss in succession. It also announced plans to produce medium-sized internal combustion lift trucks outside the US.

The company, based in South Bend, Indiana, posted a \$15.7m loss in the fourth quarter after a pre-tax provision of \$22m for restructuring costs and asset write-downs.

This compares with a 1984 fourth-quarter net profit of \$3.9m, or 25 cents a share, after a \$1.8m tax credit. Sales for the fourth quarter of 1985 were \$255.6m compared with \$228.8m the year before.

For 1985, Clark reported a net loss of \$85.5m, or \$5.16 a share, after a \$96.1m charge compared with a net profit of \$24.9m, or \$1.59, in 1984, on sales of \$964.1m against \$879.8m.

The company cited competitive pressures on lift-truck pricing, costs incurred in implementing the overseas sourcing programme, and rationalisation of its automotive components business as reasons for the loss.

Some of the loss for the year is due to a \$12m write-down in the third quarter on VMK, Clark's joint venture with Volvo of Sweden.

Gold's merger backed

By Jim Jones in Johannesburg

SHAREHOLDERS of Free State Goldfields yesterday followed the earlier example of holders of President Brand, President Steyn and Western Holdings and voted in favour of the merger of the four Orange Free State gold mines managed by Anglo American Corporation.

The merger will lead to the formation of the world's largest gold mining company. In the financial year to September 30 the four mines mined a combined 213.5 tons of gold.

JOINT COMPANY ANNOUNCEMENT

FREE STATE GEDULD MINES LIMITED (FSG)
Registration No. 05/26324/06

PRESIDENT BRAND GOLD MINING COMPANY LIMITED (BRAND)
Registration No. 05/32689/06

PRESIDENT STEYN GOLD MINING COMPANY LIMITED (STEYN)
Registration No. 05/28210/06

WESTERN HOLDINGS LIMITED (WEST HOLD)
Registration No. 05/08266/06

WELKOM GOLD MINING COMPANY LIMITED (WELKOM)
Registration No. 05/24464/06

(All of which are incorporated in the Republic of South Africa.)
(The first four companies being referred to as "the Scheme Companies")

SCHEMES OF ARRANGEMENT AND RELATED MATTERS

Members of the companies were informed in a joint announcement dated January 29 1986 that the shareholders of Brand, Steyn and West Hold had approved the Schemes of Arrangement and related matters proposed at the respective Schemes and general meetings of these companies held on January 29 1986. The Welkom shareholders approved the proposals submitted to a general meeting of Welkom held on the same day while the Scheme meeting of FSG was adjourned to February 11 1986 to be followed by a general meeting of FSG.

At the adjourned Scheme meeting of FSG, shareholders approved the FSG Schemes of Arrangement in terms whereof it is proposed that:

- (i) FSG will become wholly-owned, directly or indirectly, by Free State Consolidated Gold Mines Limited (Freegold), which in turn will be held by more than 50 per cent by Orange Free State Investments Limited (Ofsil);
- (ii) FSG shareholders will become shareholders in Freegold and Ofsil and where so elected in Welkom;
- (iii) At the general meeting of FSG, held following the conclusion of the FSG Scheme meeting, shareholders approved the special and ordinary resolutions proposed at that meeting and which related to the implementation of the FSG Scheme.

Accordingly, application will be made to the Supreme Court of South Africa (Witwatersrand Local Division) (the Court) on February 18 1986 to sanction the Brand, FSG, Steyn and West Hold Schemes of Arrangement (the Schemes). If the Court sanctions the Schemes then the said dates will be as follows:

- (a) THE RECORD DATE in respect of each Scheme, i.e. the date on which:
 - (i) dealings in and the listings of the shares of FSG, Brand and West Hold on The Johannesburg Stock Exchange
 - (ii) the registers of the Scheme Companies will close to determine to whom Freegold and Ofsil shares and/or Welkom shares will be allotted and who will be entitled to cash payments arising on the sale of fractional entitlements;
 - (iii) the register of Steyn will close in order to determine the persons in whose names the Freegold shares will be issued in substitution for their Steyn shares;
 will be the close of business on February 21 1986.
- (b) THE OPERATIVE DATE in respect of each Scheme, i.e. the date on which:
 - (i) the Schemes will become operative;
 - (ii) the listings on The Johannesburg Stock Exchange and The Stock Exchange in London for the Freegold and Ofsil shares allotted to give effect to the Schemes are expected to commence;
 - (iii) the change of name of Steyn to Freegold will become effective;
 will be February 24 1986.

Shareholders of the Scheme Companies will be informed of any change in any of the above dates.


Freegold, Ofsil and/or Welkom share certificates, where the Scheme Companies' share certificates or other documents of title are surrendered before the operative date, together with cheques in respect of fractional entitlements relating thereto, will be posted on March 7 1986 or within 7 days of receipt thereof in respect of surrenders after the operative date except that no documents or cheques shall be posted before March 7 1986. Copies of this announcement are being posted to members.

Johannesburg
February 12 1986.

This announcement appears as a matter of record only.

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Merrill Lynch Capital Markets	The Nikko Securities Co., (Europe) Ltd.
Orion Royal Bank Limited	Richardson Greenshields of Canada (UK) Limited
Salomon Brothers International Limited	Swiss Bank Corporation International Limited

Westdeutsche Landesbank Girozentrale

Algemene Bank Nederland N.V.	Banca del Gottardo	BankAmerica Capital Markets Group	Bankhaus Herrmann Lampe
Bank Leu International Ltd.	Bank Mees & Hope NV	Bank of Montreal	The Bank of Nova Scotia
Banque Bruxelles Lambert S.A.	Banque Générale du Luxembourg S.A.	Banque de Neufilze, Schlumberger, Matot	
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Berliner Handels- und Frankfurter Bank	Chemical Bank International Group	Citicorp Investment Bank	
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Deutsche Bank Capital Markets	Deutsche Girozentrale	Dominion Securities Pitfield	First Chicago
Fuji International Finance	Generale Bank	Girozentrale und Bank der Österreichischen Sparkassen	
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Hill Samuel & Co.	Lévesque, Beaubien Inc	McLeod Young Weir International	Manufacturers Hanover
Merck, Finck & Co.	Mitsubishi Finance International	Samuel Montagu & Co.	Morgan Guaranty Ltd
Nederlandse Credietbank NV	Norddeutsche Landesbank	Sal. Oppenheim Jr. & Cie	Oesterreichische Landesbank
PK Christiania Bank (UK) Ltd.	N.M. Rothschild & Sons	Sanwa International	Schoeller & Co.
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February 1986

INTERNATIONAL COMPANIES AND FINANCE

Canadian Pacific held back by rail decline

BY ROBERT GIBBENS IN MONTREAL

DECLINES in rail operations, mining and metals and forest products brought lower earnings at Canadian Pacific for the fourth quarter as well as for 1985 as a whole.

Net profits for the full year were C\$248m (US\$176m), or C\$111 a share, against C\$378.9m or C\$175, a year earlier, and in the fourth quarter C\$60m against C\$116m as reported in brief yesterday. A change in accounting for investment tax credits reduced 1985 earnings by about C\$29m.

CP Rail's decline was mainly because of lower export grain movements, although movement of several other commodities also weakened. The US subsidiary, Soo Line, had depressed results because of lower traffic and the interest burden for acquisition of the Milwaukee Road early last year.

CP Air had good traffic growth, but costs in airline operations were sharply higher.

The mining and metals group,

mainly Cominco and subsidiaries, suffered from low world commodity prices, while the large forest products subsidiaries were depressed by low prices for pulp and paper and heavy debt costs.

The steel subsidiaries did better, as did CP's container shipping operations on the North Atlantic.

CP has acquired full ownership of its CP Enterprises non-rail holding company and now reports on a consolidated basis as a single holding company with operating subsidiaries.

Restructuring of debt by some major resources subsidiaries has been under way since mid-1985 and is expected to be completed this year. Most analysts are forecasting a recovery for 1986, especially if commodity prices improve and exchange rates stabilize.

The hotel interests now under the CP Air wing are expected to merge shortly with Canadian National Railway's hotel subsidiary.

Allen raises Conrail bid to \$1.8bn

BY TERRY DODSWORTH IN NEW YORK

ALLEN, the private New York investment bank, has launched an eleventh-hour bid for Conrail, the government-owned railway network scheduled for disposal to the Norfolk Southern railway group.

The \$1.8bn offer easily exceeds the \$1.2bn bid from Norfolk Southern, and also tops a \$1.4bn proposal by a group led by Morgan Stanley, the New York investment bank, last

month. Allen said it would finance the transaction by a public offering of equity securities co-managed by itself and First Boston Investment Bank.

Although Allen's bid is the highest yet received after a year-long contest of revised offers and counter-offers between the three contestants, Norfolk Southern still re-

mains in the leading position to take over Conrail.

Norfolk was chosen for the acquisition last year by Mrs Elizabeth Dole, the US Transportation Secretary, on the ground that Conrail might be too weak to stand alone in the market, cause government support was withdrawn.

Since then, Conrail has produced sparkling results for 1985.

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- Korea Associated Securities Inc
- Kyowa Finance (Hong Kong) Limited
- LIJCB Asia Limited
- Manufacturers Hanover Asia Limited
- Mitsubishi Finance (Hong Kong) Limited
- Mitsubishi Trust Finance (Asia) Limited
- Metal Finance Asia Limited
- Mitsui Trust Finance (Hong Kong) Limited
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- National Australia Finance (Asia) Limited
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- Sumitomo Finance International
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- Tatsumi International (Asia) Limited
- Tokai Asia Limited
- Yamaichi International (HK) Limited
- Yasuda Trust and Finance (Hong Kong) Limited
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Application has been made for the Notes, in bearer form in the denomination of US\$250,000 and US\$100,000 constituting the above issue to be admitted to the Official List by the Council of The Stock Exchange, subject to the issue of the temporary global Note interest will be payable on money at interest in August and February, commencing in August 1986.

Listing particulars relating to the notes and the issuer are available in the statistical services of Exel Statistical Services Limited and copies may be obtained during usual business hours, up to and including 14th February, 1986 from the Company Announcements Office of The Stock Exchange, London EC2A 4PU, up to and including 26th February, 1986.

Cazovone & Co
12 Tottenham Court Road
London, EC2P 7AN

The First National Bank of Chicago
1 Royal Exchange Avenue
London EC3P 3LU

12th February, 1986

This announcement appears as a matter of record only.

December 1985



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- Deutsche Bank AG, New York Branch
- Dresdner Bank AG, Chicago Branch
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- National Westminster Bank Group
- The Royal Bank of Canada Group
- Swiss Bank Corporation

Agent

ORION ROYAL BANK LIMITED
A member of The Royal Bank of Canada Group

U.S. QUARTERLY RESULTS

ANCHOR PACKING Canned meats, corned beefs	1985	1984
Fourth quarter	\$	\$
Revenue	187.8m	211.2m
Net profit	17.8m	138.4m
Net per share	0.73	12.85
Year		
Revenue	720.3m	713m
Net profit	2.3m	71.3m
Net per share	0.53	12.15
Loss		

ANDERSON CLAYTON Food

Fourth quarter	1985	1984
Revenue	\$	\$
Net profit	387.4m	488.3m
Net per share	11.3m	7.2m
Year		
Revenue	1,548m	1,478m
Net profit	101.3m	94.2m
Net per share	2.34	2.21
Loss		

BRUNSWICK Machineries, recreational products

Fourth quarter	1985	1984
Revenue	\$	\$
Net profit	388.2m	345.8m
Net per share	22.8m	18.8m
Year		
Revenue	1,548m	1,478m
Net profit	101.3m	94.2m
Net per share	2.34	2.21
Loss		

MALLENBURY Oilfield services, engineering

Fourth quarter	1985	1984
Revenue	\$	\$
Net profit	1.2m	1.4m
Net per share	14.7m	16.8m
Year		
Revenue	4.7m	3.4m
Net profit	738.2m	328.5m
Net per share	2.37	2.17
Loss		

SHARPOY Hotels, food services

Fourth quarter	1985	1984
Revenue	\$	\$
Net profit	1.4m	1.2m
Net per share	51.8m	42.7m
Year		
Revenue	4.9m	3.8m
Net profit	107.4m	138.2m
Net per share	0.39	0.58
Loss		

RAMADA BROS Hotels

Fourth quarter	1985	1984
Revenue	\$	\$
Net profit	188.7m	152.2m
Net per share	2.3m	12.0m
Year		
Revenue	583.2m	602.2m
Net profit	13.8m	4.1m
Net per share	0.57	0.79
Loss		

More N. American results on Page 37

NOTICE TO HOLDERS OF

ITO-YOKADO CO., LTD.

5 1/2% Convertible Debentures Due August 31, 1993

5 1/2% Convertible Debentures Due August 31, 1996

Paras to Section 7(b) of the Company's Trust Deed dated as of July 1, 1978 and July 1, 1981, respectively, relating to the above-mentioned Debentures, notice is hereby given as follows:

1. On February 7, 1986 the Board of Directors of the Company resolved to make a free distribution of shares of its Common Stock to shareholders of record as of February 24, 1986 and Japan, at the rate of 1 new share for each 10 shares held.

2. Accordingly, the conversion price at which the above-mentioned Debentures may be converted into shares of Common Stock of the Company will be adjusted effective as of March 1, 1986, Japan Time. The conversion price in effect before such adjustment is Yen 102.30 for the 5 1/2% Convertible Debentures Due August 31, 1993 and Yen 73.10 for the 5 1/2% Convertible Debentures Due August 31, 1996.

ITO-YOKADO CO., LTD.

By The Bank of Tokyo Trust Company as Trustee

Dated February 12, 1986

NOTICE TO HOLDERS OF

ITO-YOKADO CO., LTD.

6 1/2% Per Cent Currency Linked/ U.S. Dollar Payable Convertible Bonds Due 1991

Paras to Clause 7(b) of the Company's Trust Deed dated as of 26th March, 1981 relating to the above-mentioned Bonds, notice is hereby given as follows:

1. On February 7, 1986 the Board of Directors of the Company resolved to make a free distribution of shares of its Common Stock to shareholders of record as of February 24, 1986 and Japan, at the rate of 1 new share for each 10 shares held.

2. Accordingly, the conversion price at which the above-mentioned Bonds may be converted into shares of Common Stock of the Company will be adjusted effective as of March 1, 1986, Japan Time. The conversion price in effect before such adjustment is Yen 102.30 per share of Common Stock, and the adjusted conversion price will be Yen 73.10 per share of Common Stock.

ITO-YOKADO CO., LTD.

By The Bank of Tokyo Trust Company as Trustee

Dated February 12, 1986

First Pacific Holdings Limited

Annual Results (unaudited) for the year ended 31 December, 1985

Consolidated Results	1985 US\$'000	1984 US\$'000	1985 HK\$'000	1984 HK\$'000
Total financial and other income	168,527	151,750	1,314,510	1,183,650
Profit before taxation	9,749	6,629	76,042	51,706
Taxation	1,123	390	8,739	3,042
Profit after taxation	8,626	6,239	67,283	48,664
Minority interests	—	120	—	936
Net profit	8,626	6,119	67,283	47,728
Total assets	1,544,980	1,329,392	12,050,844	10,373,938
Shareholders' equity	149,114	142,123	1,163,089	1,108,559
Per share data	US cents	US cents	HK cents	HK cents
Earnings — fully diluted	4.63	3.44	36.11	26.83
Proposed final dividend	1.29	3.84	10.06	30.00
Net asset value	78.2	75.1	609.96	585.78

Notes:
1. First Pacific Holdings Limited reports its financial results in US dollars. The Hong Kong dollar figures are supplied for comparative purposes only.
2. Based on the consolidated net assets at 31 December reduced by US\$2,516 million (HK\$19,625 million) being the value of the Shanghai properties, divided by the total number of ordinary and deferred ordinary shares in issue on that date.

Commercial Banking

The contribution to net profits from commercial banking activities increased from US\$4,065 million (HK\$31,707 million) in 1984 to US\$8,148 million (HK\$63,554 million) for the year. This was due to increased profits of The Hibernia Bank, the Group's principal subsidiary. The Bank benefited in the second half-year from new product introductions, particularly from the deposit side liquidity generated by its Premium Money Market Account. This promotion generated average deposits of US\$322 million for the year. The Bank also realized significant gains from securities transactions.

Approval was obtained from the United States regulatory authorities for the opening of a Hibernia deposit-taking company in Hong Kong in 1986.

Merchant Banking

First Pacific Limited increased its contribution to net profit from US\$1.39 million (HK\$10.84 million) in 1984 to US\$1.70 million (HK\$13.26 million) in 1985. Merchant banking fees billed during the year increased due to an increase in the number and size of projects completed.

Trade Finance

First Pacific-Trade Services Limited (FPTS), a London based confirming house specialising in international trade finance and related services, commenced business in May 1985. For the eight months ended 31 December 1985 FPTS reported a small loss but is expected to contribute to profits in 1986.

By Order of the Board
Manuel V. Pangilinan
Managing Director
5 February, 1986

FIRST PACIFIC

This advertisement is issued in compliance with the requirements of the Council of The Stock Exchange. It does not constitute an offer of, or invitation to the public to subscribe for or purchase, any securities.

HYDRO-QUÉBEC

(An agent of the Crown in right of Province de Québec)

¥ 10,000,000,000

6 1/2 per cent. Debentures, Series GE, Due 28th February, 1994

Unconditionally guaranteed as to payment of principal and interest by

Province de Québec

Issue Price 101 1/2 per cent.

The following have agreed to subscribe or procure subscribers for the Debentures:

- Yamaichi International (Europe) Limited
- Bank of Tokyo International Limited
- Algemene Bank Nederland N.V.
- Banque Paribas Capital Markets Limited
- Citibank Investment Bank Limited
- Crédit Lyonnais
- IBJ International Limited
- Merrill Lynch International & Co.
- Mitsui Trust Bank (Europe) S.A.
- Nippon Credit International (Hong Kong) Limited
- Swiss Bank Corporation International Limited
- Union Bank of Switzerland (Securities) Limited
- Wood Gundy Inc.
- Morgan Guaranty Ltd
- Credit Suisse First Boston Limited
- Banque Bruxelles Lambert S.A.
- GIBC Limited
- County Bank Limited
- Fuji International Finance Limited
- LTCB International Limited
- Mitsubishi Trust & Banking Corporation (Europe) S.A.
- The Nikko Securities Co., (Europe) Ltd.
- Saitama Bank (Europe) S.A.
- Takagin International Bank (Europe) S.A.
- S. G. Warburg & Co. Ltd.
- Yasuda Trust Europe Limited

Application has been made for the Debentures, in bearer form in the denomination of ¥1,000,000 each, constituting the above issue to be admitted to the Official List by the Council of The Stock Exchange, subject only to the issue of the temporary global Debenture. Interest will be payable annually in arrears on 28th February in each year. The first interest payments will be due on 28th February, 1987.

Particulars of the Debentures and the Issuer are available in the statistical services of Exel Statistical Services Limited. Copies of the listing particulars relating to the Debentures may be obtained in the form of an Exel Card during usual business hours on any weekday (Saturdays and public holidays excepted) from the Company Announcements Office of the Quotations Department of The Stock Exchange, Throgmorton Street, London, EC2P 2BT, up to and including 14th February, 1986 or during usual business hours on any weekday (Saturdays and public holidays excepted) at the addresses shown below up to and including 26th February, 1986.

- Rowe & Pitman, 1 Finabury Avenue, London EC2M 2PA
- Bankers Trust Company, Dashwood House, 69 Old Broad Street, London EC2P 2EE
- Phillips & Drew, 120 Moorgate, London EC2M 6XP

12th February, 1986

All these Bonds have been sold. This announcement appears as a matter of record only.



EUROPEAN INVESTMENT BANK

Luxembourg Francs 1,000,000,000

8 7/8% Bonds 1986-1993

Kredietbank S.A. Luxembourgeoise

- Banque Générale du Luxembourg
- Banque Internationale à Luxembourg
- Caisse d'Épargne de l'État
- Banque Paribas (Luxembourg) S.A.
- Crédit Industriel d'Alsace et de Lorraine
- Crédit Lyonnais
- Société Générale Alsacienne de Banque
- Banque Indosuez
- Banque Nationale de Paris (Luxembourg) S.A.
- Banque UCL
- Crédit Européen S.A.
- Société Européenne de Banque S.A.

January 30, 1986

INTL. COMPANIES & FINANCE

Liberty Life plans R250m rights

BY JIM JONES IN JOHANNESBURG

LIBERTY LIFE, South Africa's third largest life assurance company, is to raise about R250m (\$114.6m) by means of a rights issue of preferred shares.

Holdings of Liberty's ordinary and redeemable preference shares will be offered 15 new preferred ordinary shares for every 100 shares they hold. The issue price will be decided on March 19.

During the past three years Liberty has been particularly busy acquiring what it describes as strategic investments. In 1983 it participated with various companies controlled by Anglo

American Corporation in acquiring a controlling interest in Premier Group, the diversified food group, from Associated British Foods (ABF), its erstwhile controlling shareholder.

Last year Liberty joined Gold Fields of South Africa in underwriting a R177m rights issue by Standard Bank Investment Corporation (Stanbic), which left Liberty with an effective 24 per cent interest in South Africa's second largest banking group.

In addition Liberty has been financing the expansion of Transatlantic Insurance Holdings, its 75 per cent-owned British subsidiary, which has

been raising its interests in Sun Life and in Capital and Counties, the property group.

Liberty is keen to increase Transatlantic's interest in Sun Life above the present level of some 26 per cent, but has been reluctant to do so without the full agreement of Sun Life's board.

The directors say that these acquisitions were financed in part by the issue of short-term redeemable preference shares, which are now to be converted into permanent capital. In addition, Liberty faces a financing commitment when it estab-

lishes a new life assurance company, to be called Charter Life Insurance, which will be based on the life interests of Guardian National, the South African offshoot of Guardian Royal Exchange of the UK.

At the end of 1985 Liberty had total assets of R6.6bn, double the level of February 1984, when new capital was last raised. The group's 1985 results are due to be published in mid-March. During the first half of last year, premium income increased by 36 per cent to R328m and the interim profit from life assurance operations rose 24 per cent to R26.4m.

Stanbic increases pre-tax profit by 18.8%

BY OUR JOHANNESBURG CORRESPONDENT

STANDARD BANK Investment Corporation (Stanbic), South Africa's second largest banking group, increased pre-tax profits by 18.8 per cent in 1985, even though management all but doubled the bad debts provision charge against profits.

Operating profits increased to R2.25bn (\$1.09bn) from R1.76bn, before a rise in interest payments to R22a from

R1.85bn. Trading profits increased to R472m from R222.6m and the provision against these for bad and doubtful debt charges was raised to R222m from R112.2m. As a result, pre-tax profits rose to R260m from R210.4m.

Total liabilities were R18.01bn at the year-end against R14.79bn at the end of 1984, while total advances were R16.02bn against R13.18bn.

Dr Conrad Strauss, Stanbic's chairman, said he remained cautious on immediate prospects despite South Africa's apparent emergence from its worst recession since the Second World War. Negative real interest rates were unhealthy and could not be allowed to persist for long without damaging savings, he added.

Dr Strauss said it was extremely difficult to predict

likely economic trends in South Africa and that this was one of the reasons for the bank's cautious approach to bad debt provision. Last year the cost of bad debts was equivalent to 1.57 per cent of Stanbic's direct lending, the highest proportion has been since 1977.

Earnings per share increased to 233 cents from 220 cents and the ordinary dividend has been raised to 71 cents from 62 cents.

Chang wins Promet control

BY WONG SULONG IN KUALA LUMPUR

THE FIGHT for control of Promet, the Malaysian oilrig and construction group, has been settled with Tan Sri Ibrahim Mohamed resigning as executive chairman to take on a new role as adviser to the group.

His resignation means that full control is now in the hands of Datuk Brian Chang, the managing director, whose family holds between 30 and 40 per cent of Promet.

Tan Sri Ibrahim, a Malaysian businessman who is a close associate of Dr Mahathir Mohamed, the Prime Minister, and Datuk Chang, a Singaporean engineering turned business-

man, were friends during their student days in London. The two built up Promet from a small loss-making construction company into one of the biggest groups in Malaysia.

However, differences arose because of conflicting management styles, and matters came to a head when Tan Sri Ibrahim wanted to inject his 19 per cent stake in Selangor Properties into Promet.

Last month, two shareholders, believed to be Datuk Chang's supporters, requisitioned an extraordinary general meeting to remove Tan Sri Ibrahim as chairman.

Malaysian KFC takeover

BY OUR KUALA LUMPUR CORRESPONDENT

INNOVEST, the Malaysian investment group, has reached a deal to take over the Kentucky Fried Chicken operations in Malaysia from Mr Leo Cheng Ghee, the controversial businessman, for 75m ringgit (\$30.5m).

The acquisition follows its purchase last year of a majority stake in Kentucky Fried Chicken (Singapore), also from Mr Leo.

KFC (Singapore) is listed on the Singapore Stock Exchange, but the business in Malaysia has been held by a private company although volume is more than twice that of Singapore. Two of

the 41 outlets in Malaysia have consistently ranked among the top 10 Kentucky Fried Chicken outlets in the world by turnover.

The sale means that Mr Leo has unwound his last substantial business in Malaysia and Singapore.

Mr Leo, who was largely responsible for popularising the fast-food business in Malaysia and Singapore with his fried chicken franchise in 1971, became embroiled in controversy in early 1984 when he emerged as the man behind the palm oil crisis on the Kuala Lumpur Commodities Exchange.

International Securities Clearing Corporation
A Subsidiary of National Securities Clearing Corporation

In conjunction with the establishment of our company, we take great pleasure in announcing the following elections:

- Board of Directors**
- | | | |
|--|---|---|
| Joseph Anastasio
Vice President
Salomon Brothers Inc | David M. Kelly
President and
Chief Executive Officer
National Securities
Clearing Corporation | C. Robert F. Meyjes
Senior Vice President
Gutbank, N.A. |
| Nicola L. Caporale
General Partner
Goldman, Sachs & Co. | John L. Kinnaman
President and
Chief Operating Officer
International Securities
Clearing Corporation | Michael T. Reddy
Senior Vice President
Merrill Lynch, Pierce,
Fenner & Smith Inc. |
| Joseph L. Gitterman, III
Managing Partner
LaBranche & Co. | Gerard P. Lynch
Managing Director
Morgan Stanley & Co.
Incorporated | Fenton R. Talbott
Managing Director
The First Boston Corporation |
| C. Richard Justice
Executive Vice President
National Association of
Securities Dealers, Inc. | Bernard L. Madoff
Proprietor
Bernard L. Madoff | Stephen L. Williams
Senior Vice President
American Stock Exchange, Inc. |
| Christopher Keith
Senior Vice President
New York Stock Exchange, Inc. | Ralph M. Mastrangelo
Senior Vice President
Morgan Guaranty Trust
Company of New York | |
- Officers**
- | | | |
|--|---|--|
| Gerard P. Lynch
Chairman of the Board | John L. Kinnaman
President and
Chief Operating Officer | Richard W. Myers
Senior Vice President
Operations |
| David M. Kelly
Vice Chairman of the Board and
Chief Executive Officer | Robert J. Woldow
Secretary and General Counsel
and Treasurer | |
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We are pleased to announce the following appointments:

Managing Director	
HANS W. BÖLSTERLI Geneva	MORTON E. WISE London
Principal	
HANS AMMANN Lugano	ALAN V. JANOVER New York
KURT L. BÜCHEL Vaduz	WERNER KAESER Zurich
DOUGLAS D. COY London	MARK E. SOHN London
Senior Vice President	
SEAN P. D'URBAN JACKSON London	LYNN VAN HAREN New York
MAURICE MULLER Geneva	GRAHAM L. WALKER London
Vice President	
PHILIPPE GIVEL Geneva	RUTH GITLIN London
RENAUD DE FOESTRAETS New York	MICHAEL D. MURPHY London

L. F. ROTHSCHILD, UNTERBERG, TOWBIN, INC.
MEMBERS ALL LEADING EXCHANGES
New York, Boston, Chicago, San Francisco
London, Geneva, Lugano, Vaduz, Zurich

Fletcher Challenge to lift payout

By Gordon Cramb

FLETCHER CHALLENGE, the forestry and farming group which in sales terms is New Zealand's biggest company, expects to increase its dividend for the year to June by an effective 25.2 per cent.

The company yesterday announced a special interim payout of 10.5 cents a share on capital boosted by a one-for-three scrip issue made last year. In addition, it plans a further one-for-five bonus issue at the end of this month, which will qualify for the final dividend.

This distribution, due in November, is expected also to be held at 12.5 cents a share, thus increasing by just over a quarter the payment to Fletcher shareholders of more than a year's standing.

Sir Ronald Trotter, the chairman, said the dividend announcement was intended as a "clear and unequivocal" signal of the board's confident outlook. But he declined to make any specific profit forecast ahead of the release of the interim results, due in mid-March.

Since last November, when Sir Ronald warned that Fletcher would have difficulty in matching the 1984-85 net profits of NZ\$180.9m (US\$98m) — the group has been acting to rationalise its business. It sold two financial services units and, on Monday, announced a NZ\$228.5m deal under which British Petroleum and NZ Industrial Gas — a subsidiary — would take over its liquid petroleum gas interests.

On the Wellington Stock Exchange, Fletcher shares jumped 18 cents yesterday to NZ\$7.70, for a two-day rise of 30 cents. Fletcher in recent months has, however, been eclipsed by Brierley Investments as market leader in capitalisation — suggested by analysts as one factor behind the more vigorous approach detected in the group.

All of these securities having been sold, this announcement appears as a matter of record only.

3,000,000 Shares

CETUS

Common Stock

Shearson Lehman Brothers Inc.
L. F. Rothschild, Unterberg, Towbin, Inc.
Merrill Lynch Capital Markets

Kidder, Peabody & Co. <small>Incorporated</small>	The First Boston Corporation	Bear, Stearns & Co. Inc.
Alex. Brown & Sons <small>Incorporated</small>	Dillon, Read & Co. Inc.	Goldman, Sachs & Co.
Hambrecht & Quist <small>Incorporated</small>	E. F. Hutton & Company Inc.	Lazard Frères & Co.
Montgomery Securities	Morgan Stanley & Co. <small>Incorporated</small>	Robertson, Colman & Stephens
Salomon Brothers Inc	Smith Barney, Harris Upham & Co. <small>Incorporated</small>	Wertheim & Co., Inc.
Dean Witter Reynolds Inc.	Cowen & Co.	Sutro & Co. <small>Incorporated</small>
ABD Securities Corporation	Arnhold and S. Bleichroeder, Inc.	
Cazenove Inc.	Eberstadt Fleming Inc.	EuroPartners Securities Corporation
Hoare Govett Limited	Kleinwort, Benson <small>Incorporated</small>	Swiss Bank Corporation International <small>Securities Inc.</small>

January, 1986

Bankers Trust International Capital N.V.
(Incorporated in the Netherlands Antilles)
U.S. \$200,000,000
Guaranteed Floating Rate Subordinated Notes Due 1996

For the three months 13th February, 1986 to 13th May, 1986 the Notes will carry an interest rate of 8 1/4% per cent per annum and interest payable on the relevant interest payment date 13th May, 1986 will be US\$202.41 per US\$10,000 note.

International Westminster Bank PLC
London - Agent Bank

JB^{ca}B

D-MARK-BAER • JULIUS BAER D-MARK BOND FUND LTD.
GRAND CAYMAN

DIVIDEND ANNOUNCEMENT

On 5th February, 1986 the Directors declared a dividend of D-Mark 20.00 per share payable on 14th March, 1986 on all Participating Shares then in issue.

Holder of bearer shares should present coupon No. 1 on or after 14th March, 1986 at the office of the Administrator Julius Baer Bank and Trust Company Limited, Butterfield House, Grand Cayman, B.W.I., or at the main office of the Agent, Bank Julius Baer & Co. Ltd, Bahnhofstrasse 36, 8001 Zurich, Switzerland.

By order of the Board
D-Mark-Baer, Julius Baer
D-Mark Bond Fund Ltd.

February 6, 1986

JB^{ca}B

DOLLAR-BAER • JULIUS BAER U.S. DOLLAR BOND FUND LTD.
GRAND CAYMAN

DIVIDEND ANNOUNCEMENT

On 5th February, 1986 the Directors declared a dividend of US-Dollars 30.00 per share payable on 14th March, 1986 on all Participating Shares then in issue.

Holder of bearer shares should present coupon No. 1 on or after 14th March, 1986 at the office of the Administrator Julius Baer Bank and Trust Company Limited, Butterfield House, Grand Cayman, B.W.I., or at the main office of the Agent, Bank Julius Baer & Co. Ltd, Bahnhofstrasse 36, 8001 Zurich, Switzerland.

By order of the Board
Dollar-Baer, Julius Baer
U.S. Dollar Bond Fund Ltd.

February 6, 1986

INTERNATIONAL COMPANIES and FINANCE

SEK low-cost bond stuns market

BY MAGGIE URRY

SWEDISH Export Credit (SEK) stunned the Eurodollar bond market yesterday with a fixed-rate deal which it claimed to give a cost of funds of more than 300 basis points below the level which could be achieved through a standard swap transaction.

Other syndicate managers gaped in disbelief at the news of the swap and were eager to find out how it had been worked. Bankers had been keeping the details secret, no doubt wanting to repeat the performance for other borrowers, though there appears to be no risk to it.

for Amex Credit Corporation. The idea was used two weeks ago for Austria. The 10-year bonds pay a coupon of 8 per cent which compares with levels of around 6 1/2 per cent on standard European deals at present.

AG, the Swedish industrial gas and refrigeration group, increased its profits last year by 45 per cent to SKr 910m (\$121m) from SKr 628m in 1984, helped by the takeovers of Uddeholm and Trösk.

Takeovers boost profits at Aga

By Kevin Done, Nordic Editor, in Stockholm

AG, the Swedish industrial gas and refrigeration group, increased its profits last year by 45 per cent to SKr 910m (\$121m) from SKr 628m in 1984, helped by the takeovers of Uddeholm and Trösk.

Hawley deal signals return to acquisition programme

BY ALEXANDER NICOLL

HAWLEY GROUP, the service industry concern with interests in the UK and US, yesterday announced a \$80m issue on the Euromarkets of preference shares convertible into common shares of the company, which is domiciled in Bermuda.

attempted to clean up its image, selling off non-core interests and buying out quoted minorities (and losing equity in the process), and calling a temporary halt to its run of US and UK acquisitions.

show shares so that it will not end up as debt in the balance sheet, and is also therefore the latest in a string of "Euro-equity" issues. But it has many of the characteristics of a convertible Eurobond.

Growing US interest in Australasian issues

BY PAUL TAYLOR IN NEW YORK

THE Antipodes appear to have become particularly fascinating to the US credit markets in recent weeks. Since late January eight Australian dollar denominated US issues have been launched totalling \$497.5m (\$588.1m) together with the New Zealand dollar denominated "Kiwi" bond.

Interest in the US in non-dollar investment vehicles, Mr Nicholas Sargen, writing in Salomon Brothers' Comments on Credit, notes, "Since the beginning of this year the issuance of non-dollar bonds in the domestic US market has rivalled that of dollar-denominated Yankee bonds and is at an unprecedented level."

of their high yields," says Mr Sargen. The attractions for the US issuers are somewhat more complex. On the face of it, borrowing at below money market rates looks like a big bonus—but 90-day money in Australia these days costs about 18.65 per cent, or almost 10 points above US commercial paper rates.

cost. The combination of Australian dollar borrowings and currency swaps has produced attractive cost of fund equations for the US borrowers. For example, a typical Australian dollar floating-rate note swapped into US dollars produces funds at rates 50 to 70 basis points below the London interbank Eurodollar offered rate.

OECD reports decline in international borrowing

BY BETTIE MONTAGNON, EUROMARKETS CORRESPONDENT

BORROWING IN the international capital markets slipped in January to \$18.4bn from \$25.2bn in December and \$25.5bn in January last year, according to figures released yesterday by the Organisation for Economic Co-operation and Development.

December and \$4bn down on January 1985, while note issuance facilities shipped to \$1.7bn compared with \$8.4bn in December.

OECD reports that dollar-denominated issues totalled \$8.5bn in January, accounting for 62 per cent of overall volume in external bond markets.

DREXEL BURNHAM LAMBERT, the first overseas US investment banking house which specialises in so-called junk bond financing, has announced that it raised more than \$47bn in the US capital markets last year.

Erbamont net up by 70%

By Alan Friedman in Milan

ERBAMONT, THE pharmaceutical subsidiary of Italy's Montedison group which is listed on Wall Street, yesterday revealed a 70 per cent rise in its operating profit to L1.6bn (\$149.5m) in the net profit level, the increase year-on-year was 41 per cent to L87.1bn (\$80m).

FT INTERNATIONAL BOND SERVICE

Listed are the 200 latest international bonds for which there is an adequate secondary market. Closing prices on February 11

Table with columns for Bond Name, Issued, Bid, Offer, Day, Week, Yield. Includes sections for US Dollar Straights, Other Straights, Floating Rate, Convertible, Domestic Bond Markets, Zurich quiet but higher, Amsterdam little changed, and Yen Straights.

Moët-Hennessy ECU 50,000,000 9 Per Cent. Notes Due 1991. Advertisement for Chase Investment Bank, listing various international branches and services.

Company Notices

Motor Cars

NOTICE OF PREPAYMENT



THE BANK OF YOKOHAMA LIMITED

(Incorporated in Japan with Limited Liability)

U.S.\$10,000,000

Floating Rate Certificate of Deposit

No. FRER 010001-010020 issued on 31st March 1982 Maturity 31st March 1987 Callable in March 1986

Notice is hereby given in accordance with Clause 3 of the Certificate of Deposit (the "Certificate") that pursuant to Clause 3 of the Certificate the Bank of Yokohama Limited (the "Bank") will prepay all the outstanding Certificates on 27th March 1986 (the "Prepayment Date") at their principal amount.

Interest will cease to accrue on the Certificate on the Prepayment date.

By: Swiss Bank Corporation International Ltd. Agent Bank of Yokohama Asia Limited

MOET-HENNESSY

Société Anonyme formed under French law, registered with the Registre du Commerce et des Sociétés in Paris (Paris B 775 670 417). Registered office: 30 avenue Hoche, 75008 PARIS. Share capital: 297,727,400 French francs.

7% Convertible Bonds due 1999 Notice to Bondholders

Notice is hereby given that, pursuant to a resolution adopted by the shareholders at a meeting held on 13 June 1985, the Board of Directors of Moët-Hennessy approved a transfer of FF49,621,200 new shares.

These shares will be distributed on the basis of 1 new share for every 5 shares outstanding on 31 December 1985.

Accordingly, the conversion rate of the 7% Convertible Bond due 1999 has been adjusted as provided by the terms and conditions of the prospectus.

The new conversion rate for each 7% Convertible Bond is 5.82 shares, effective on 1 January 1986.

NOTICE TO HOLDERS OF EUROPEAN DEPOSITARY RECEIPTS (EDRs) IN MINEBEA CO. LTD

EDR holders are informed that Minebea has paid a dividend to holders of record September 30, 1985. The cash dividend payable is Yen 11.5 per Common Stock of Yen 50.00 per share. Pursuant to the Terms and Conditions the Depositary has converted the net amount, after deduction of Japanese withholding taxes, into United States dollars. EDR holders may now present Coupon No. 5 for payment to the undermentioned agents.

Agents: Citicorp Investment Bank (Luxembourg) S.A., 16 Avenue Marie Thérèse

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Barbados

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Clubs EYE has outlined the other benefits of a club membership and why you should join now.

DISCOUNTED FARES. ONE WAY RETURN. London to Paris £195.00, London to Rome £230.00, London to Athens £230.00.

Art Galleries. AGNEW GALLERY, 45, Old Broad St., W1. Tel: 01-462 6176

SWAN KALMAN GALLERY, 170, Regent St., W1. Tel: 01-462 6176

GRUP PCI GET UP TO 30% DISCOUNT ON NEW CARS. Just look at these on the road examples: BMW 318i 2 door £7,500, Renault 25 GT £8,600.

BRADSHAW & WEBB. 800SL 85 (B) Classic White with Grey Hds 5,000m £30,500. 500SL 85 (V) Champagne Blue with Brn Clth 9,000m £23,950.

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NOTICE TO HOLDERS OF EUROPEAN DEPOSITARY RECEIPTS (EDRs) IN NOMURA SECURITIES CO., LTD. EDR holders are informed that Nomura has paid a dividend to holders of record September 30, 1985. The cash dividend payable is Yen 8 per Common Stock of Yen 50.00 per share.

NOTICE TO HOLDERS OF EUROPEAN DEPOSITARY RECEIPTS (EDRs) IN SHARP CORPORATION. Further to our notice of September 19, 1985, EDR holders are informed that Sharp has paid a dividend to holders of record September 30, 1985. The cash dividend payable is Yen 5.5 per Common Stock of Yen 50.00 per share.

NOTICE TO HOLDERS OF EUROPEAN DEPOSITARY RECEIPTS (EDRs) IN NIPPON SHEET GLASS CO., LTD. Further to our notice of September 19, 1985, EDR holders are informed that Nippon Sheet Glass has paid a dividend to holders of record September 30, 1985. The cash dividend payable is Yen 3 per Common Stock of Yen 50.00 per share.

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UK COMPANY NEWS

Jason Crisp on why Amstrad's fortunes are running high
Sugar-sweet smell of success

MR ALAN SUGAR, 39, chairman and managing director of Amstrad, the consumer electronics and computer group, needed a calculator to work out what he was worth yesterday. After surprising the City with much higher interim results than had been expected, he saw the value of his 50.4 per cent holding in the company he founded jump by £27.5m to £188m.

He remained typically sanguine about the rise caused by a pre-tax profit of £27.5m for six months ending December 31 1985 when a number of analysts had been talking about £15m. Expectations for the full year have been hastily revised and £48m to £50m now looks the likely target which compares with last year's £20.2m.

Even Mr Sugar acknowledged in his statement that the success for Amstrad's computer products was greater than budgeted, particularly in France, Spain and the UK. The company has done particularly well overseas, which now accounts for some 58 per cent of turnover and is expected to rise to 65 per cent for the full year.

Amstrad has the happy knack of succeeding in markets where no small British company should venture. Just two years ago 96 per cent of group turnover was in audio, television and video recorders, where it managed to undercut its Japanese and other Far Eastern rivals.

tionally low prices. The best example is the word processor launched last September which still managed to account for 21 per cent of Amstrad's sales during the six-month period.

The word processor costs just under £460 and includes the computer, software, disc drive, screen and dot matrix printer. Amstrad was the first company to provide a low cost word processing system as a complete unit, saving the customer from having to buy different pieces of equipment and connecting them together. As Mr Sugar puts it: "It comes in one box with one power cord. You plug it in and it works."

It is also much cheaper than anything else on the market. A senior executive at Dixons recently said: "We've never known a product like this before. The customers come in and are actually aggressive about buying it."

Amstrad's low costs are achieved in a number of ways: ● By selling a complete system a number of components can be eliminated. For instance, the word processor only has one power supply and comes in one box. Also the printer does not have to be able to work with a wide range of computers and is therefore simpler. ● The technical extras which many companies use to make their products appear different are not included by Amstrad. Mr Sugar argues that these facilities are only used by a very few customers. ● It sub-contracts as much as possible, notably in production. The computers are made in Korea. However it does the final assembly of its audio equipment, including a new compact disc system in the UK. ● Amstrad has considerable experience in purchasing components in the Far East and



Mr Alan Sugar, chairman of Amstrad

claims to be able to get very good deals; ● Unlike such companies as Stacolor Research and Acorn, which get into serious difficulty each year, Amstrad is much more cautious about stocks, which it normally keeps low; ● The company has low overheads. The management team is very small and most of the decisions appear to be made by Mr Sugar himself. Although this can be a strength, it is also seen as a weakness by some analysts, particularly now the company is getting much bigger;

● Production of the word processor is currently running at 50,000 units a month. Mr Sugar said yesterday that he was resisting pressure from colleagues to want to over-react to its early success. "I am very cautious and don't want to over-react to its early success."

Even so, the word processor is expected to account for 35 per cent of sales in the full year. (Most of the home computers are sold just before Christmas.) Rumours abound that Amstrad is about to launch more business type computers like the word processor, including an IBM compatible Personal Computer. Amstrad does not deny that it is indeed working on an IBM compatible PC but it will not be launched in the current financial year, ending June 30. However, it is to launch "one more computer product, probably a more powerful version of the word processor."

After withdrawing from the TV and video market — "we never stay in a business where the margins are not good enough," says Alan Sugar — the company has recently started selling VCRs again. It will shortly launch a new Jaumade VCR with remote control at £299.

The company is also planning to sell consumer products overseas, taking advantage of the name it has established in computers. Costs of setting up new marketing arrangements will be high. There is also a question about how well Amstrad's very basic audio equipment will sell in overseas markets.

With confidence and fortunes running so high, Amstrad can probably afford to take that risk. And with net liquid funds of £3m at December 31 the company is unlikely to be asking shareholders for more money in the near future.

FIH sells building supplier for £15m

By Martin Dickson
Ferguson Industrial Holdings, the printing, packaging and builders' merchants group, is selling off its building supplies division to Bowater for £15.4m, in order to concentrate on the development of its printing and packaging side.

The division has 22 outlets in the North of England and Northern Ireland. Ferguson said that a restructuring of the industry in recent years meant that larger organisations had emerged which were more competitive than their smaller counterparts. It was felt the Ferguson division would be better placed when combined with a similar organisation.

Bowater has a large builders' merchants side, trading under the Crossley name in England and Johnston & Paton in Scotland. Ferguson said its division had been hit by the miners' strike, severe winter weather in 1984 and early 1985 and a reduction in local authority spending. The division produced trading profits of £1.2m in the year to February 1985, against £2.3m the previous year. In the six months to last August the profit was £0.5m, against £0.9m.

Ferguson said the sale would free resources for its printing and packaging side, where sales had risen from £15m to £41m in the last five years, with trading profits up from £1.4m to £5.5m. Ferguson said it wanted to develop plastic packaging products for the expanding food, beverages and pharmaceuticals markets, which it believed could provide high returns.

Meldrum up 25%

Meldrum Investment Trust, a 75-per-cent-owned subsidiary of British and Commonwealth Shipping, has expressed interest in 25 per cent from £983,000 to £1.24m for 1985. A final dividend of 3.5p has been proposed, making 5.5p for the year, up from 4.5p in 1984. Net asset value per share is up from 195.5p to 234.6p and earnings per share are 6.15p against 4.55p. Gross revenue was £2.04m, against £1.96m and tax was £569,000 (£467,000).

Our Price held back by interest and opening costs

HIGHER INTEREST charges and the costs of opening new shops held back pre-tax profit growth at Our Price, the recorded music chain, in the first half of the 1985-86 year.

The result for the six months to November 27 came to £681,000 against £592,000 after interest nearly £100,000 ahead at £131,000. The first half is traditionally the group's slowest trading period.

The cost of opening new premises came to £116,000, and £1 written back along with interest would have produced a taxable figure of £258,000, a 38 per cent increase over the comparable figure.

Mr Garry Nesbitt, chairman, said that trading over Christmas in all shops, including those opened in December, came up to expectations. There were strong sales in compact discs, and these continue to show "a very healthy growth pattern as more people add compact disc players to their hi-fi systems."

McKechnie reveals bid for Newman as waiting ends

BY DAVID GOODHART
McKechnie Brothers, the plastic and non-ferrous metals group, yesterday underlined that it was not prepared to wait for an agreement with fellow Merseyside manufacturer Newman Tonks 10 years ago "but we are no longer prepared to talk for ever, that's the difference that 6 per cent can make."

Dr Jim Butler, chief executive of McKechnie, said that the industrial logic of a deal had led him to first express interest in Newman Tonks 10 years ago "but we are no longer prepared to talk for ever, that's the difference that 6 per cent can make."

Dr Butler was introducing McKechnie's offer document spelling out details of its two-for-three all-share offer which values Newman at about £58m. The document says that the offer provides a 33 per cent capital uplift for Newman shareholders as well as an enhanced profit potential. The McKechnie board is also forecasting a 12 1/2 per cent dividend increase for its own shareholders this year on the back of a further improve-

ment in performance. The offer has been firmly rejected by Mr Michael White, the Newman chairman, who said it would continue to be opposed by his board unless substantially increased. He said: "It is true there is some industrial logic in this but the current price is quite inadequate."

Following the release of the offer document a decision by Williams Holdings on its next step is expected soon. The fast growing industrial conglomerate headed by Mr Nigel Rudd and Mr Brian McGowan has made it clear that it is considering a number of options from making a bid to selling on the stock to one of a number of inquiries.

Dr Butler says that the logic of Newman's recent acquisition of Cartwright is almost identical to McKechnie's argument now; that while Newman's marketing strength lies in the builders' hardware, McKechnie has developed greater marketing strength in the retail trade.

Abaco set for significant acquisition

Abaco Investments, the rapidly growing financial services company, announced yesterday that negotiations are at an advanced stage for a "significant acquisition." The move of the target company, which is also involved in financial services, will be announced today, alongside Abaco's preliminary results for the year to December.

British and Commonwealth Shipping and Gartmore Information & Financial Trust, a related company, last November bought a 15 per cent stake in Abaco, and John Gunn the executive director of B & C and former director of Exco joined the board. Yesterday's announcement was prompted by a sharp rise in the share price which closed at 52 1/2p, up 3 1/2p.

The company, which used to be called Greenoak Properties, changed its name in 1983 when Brown Goldie, a finance company run by two former executives of Guinness Mahon, was injected into it. Since then it has acquired A. P. Choullart, a licensed deposit taker, and Charcol, mortgage broker.

comment

Given its rating at the top of the fashionable stores sector, nothing but the very best will do from Our Price. These results, showing an underlying 36 per cent advance in pre-tax profits, were initially judged not quite up to scratch, although the statement was confident enough to reassure investors that their rosy view of the company is still appropriate. The Christmas season was very good with sales of compact discs particularly strong. Expansion is continuing apace, with a total of 40 shops being opened this year, and 50 planned for next. This should take the Our Price chain further from its roots in the South East, enabling it to go on adding market share in available side-effects of such rapid expansion are higher borrowings (yearing could be 70 per cent by year end) and heavy operating costs. Even so, profits of £2.6m are likely for the full year, and assuming a 44 per cent rate the p/e ratio will be high, which must rule out for the time being any startling advance from yesterday's price of 55p.

After a 44 per cent tax charge of £204,000 (£280,000) and dividends of £159,000 (£124,000) retained profits came to £228,000 (£206,000).

Guinness/Distillers

THE Office of Fair Trading said last night it will still consider the proposed Guinness merger with Distillers. That means a decision from the Department of Trade and Industry on whether to refer the merger to the Monopolies and Mergers Commission is not now expected until next week, after the Guinness offer document has been published.

Argyll has meanwhile further increased its holding in Distillers to 4.27 per cent. Guinness's share price recovered another 7p yesterday closing at 282p.

DELTA GROUP has agreed to purchase the Switchgear business of IMI Stanton from IMI for about £1m payable in cash. The news business will be called MEM Stanton Switchgear based at Newport, Gwent.

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W. Greenswell & Co., Bow Bells House, Bread Street, London EC4M 9EL

and at the registered office of Mecca Leisure Group plc at 76 Southwark Street, London SE1 0PP. Copies are also available from the Company Announcements Office, The Stock Exchange, London EC2 until 14th February, 1986.
12th February, 1986

Lee Cooper spends £5m expanding jeans interests

Lee Cooper, the jeans manufacturer, is spending at least £5m to buy a private UK and US distributor, Macdonald denim, for £300,000, and is acquiring, for £1.7m, the Otto Albert Group, which manufactures and distributes a complementary range under the brand name Marshall.

This is Lee's first presence in West Germany, the largest European market. It said that the acquisition of Lundberg would allow it to increase sales with small additional overhead costs.

Lee is also taking a 70 per cent holding in Reno, a private US denim manufacturer, for £1.7m, the Otto Albert Group, which manufactures and distributes a complementary range under the brand name Marshall.

ENGLISH AND New York Trust improved net asset value per share to 138.7p in the 1985 year, against a comparable figure of 115.4p. Net earnings were slightly down at £2.03m (£2.15m) and the dividend for the year is held at 2.5p with an unchanged final.

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NOTICE IS HEREBY GIVEN that pursuant to 9(a) (1) of the Terms and Conditions of the Notes, the Company have elected to redeem all the Notes at their principal amount on 18th March 1986, (the "Redemption Date"), when interest on the Notes will cease to accrue.

Repayment of principal together with accrued interest will be made on the Redemption Date, against presentation and surrender of the Notes at the offices of any of the Paying Agents mentioned thereon.

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Manganese down midway

SHORT-TIME WORKING at its London taxi division led to a sharp drop in profits at Manganese Bronze Holdings for the six months to January 31 1986.

At the pre-tax level they amounted to £310,000, compared with £987,000. Earnings per share fell from 4.92p to 0.83p after tax of £137,000 (£200,000).

model are envisaged, and much of the lost ground should be made up in the second half. The weak result was no reason for long-term pessimism, although the vehicle division was likely to provide a "roller coaster ride" in comparison with the engineering divisions which had performed well. The company is developing a new London taxi, the CR6, to be launched in 1987.

The results show turnover falling from £23.1m to £22.26m. Trading profit is almost halved from £1.37m to £725,000 after charges for depreciation of £405,000 (£370,000) and leasing of £183,000 (£171,000). Net interest payable amounted to £415,000 (£380,000).

COMPAGNIE FINANCIERE DE CREDIT INDUSTRIEL ET COMMERCIAL

February 1986

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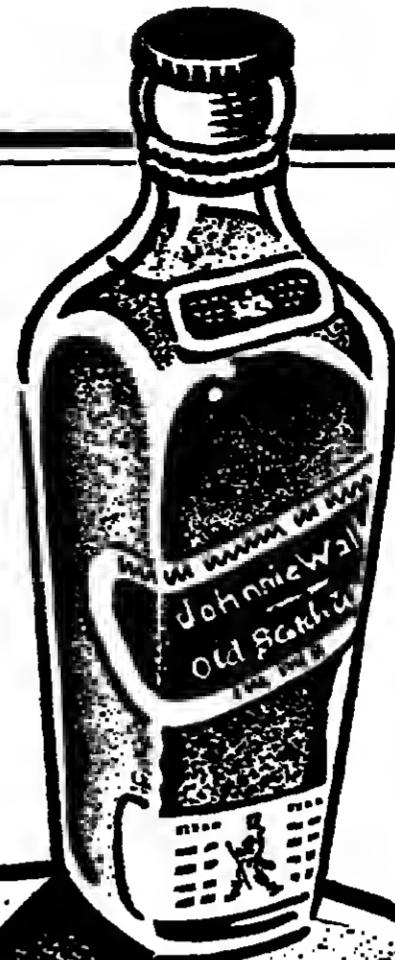
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But this merger is not just about muscle. It has a great deal to do with the special skills required to persuade new whisky drinkers in America, Japan and Europe to switch to Scotch whisky.

At Guinness, we have proven flair for advertising and brand development.

We will commit this talent to increasing sales worldwide.

And increased sales mean new jobs.

Significantly, an increase in Distillers' sales of Scotch whisky of just 2% could get a distillery in Scotland working again.

Together, Distillers and Guinness will be good for exports.

Good for jobs. And good for Britain.

We urge you to support our bid.

GUINNESS PLC

Guinness and Distillers. A stroke of genius.

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The issue price of the Notes is 100% per cent. of their principal amount. Application has been made to the Council of The Stock Exchange for the Notes to be admitted to the Official List.

Interest will be payable annually in arrear on 5th March of each year, commencing on 5th March, 1987.

Listing Particulars relating to the Notes, the Issuer and the Guarantor are available in the statistical service of Extel Statistical Services Limited and copies may be obtained during usual business hours up to and including 14th February, 1986 from the Company Announcements Office of The Stock Exchange and up to and including 26th February, 1986 from:

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High	Low	Company	Price	Change	Gross Yield	P/E	Fully Paid
			div. (p)	%	Actual	based	
146	118	Asa. Brit. Ind. Ord...	124	—	7.3	6.3	7.6
151	121	Asa. Brit. Ind. CULS	129	—	10.0	7.0	—
78	52	Alparing Group	70	—	6.4	5.1	11.7
48	33	Armitage and Rhodes	35	—	4.3	12.3	4.3
168	108	Bardoll Hill	165	—	4.0	2.4	21.2
64	42	Bry Technology	55	—	3.9	7.0	6.5
201	136	CCL Ordinary	138	—	12.0	6.7	3.4
152	97	CCL Tps Gov. Pref.	98	+1	15.7	16.6	—
136	80	Carborundum Ord.	85	—	4.5	3.9	6.7
94	82	Carborundum 7.5pc Pf.	91	—	10.7	11.8	—
65	46	Chorlton Services	57	—	7.0	12.5	6.5
32	20	Frederick Parker Group	21	—	—	—	—
32	20	George Blair	22	—	—	3.8	6.8
68	20	Ind. Precision Castings	68	—	5.0	4.5	17.4
218	163	Iifa Group	165	—	16.0	9.2	12.5
122	101	Jackson Group	121	—	5.5	4.5	8.1
118	228	James Burrough	318	—	15.0	4.7	10.0
35	25	James Burrough Spe Pl	32nd	—	12.8	14.5	—
55	34	John Howard and Co.	64	—	6.0	7.8	6.1
865	670	Munich House Holding NY	840	-40	6.5	0.8	38.8
52	32	Robert Jenkins	33	—	—	—	8.0
34	28	Scrivittous A	30	—	—	—	7.7
87	66	Torday and Carliote	68	—	5.0	7.4	3.4
270	220	Trevelin Holdings	225	—	4.2	1.2	18.3
42	26	Unilock Holdings	41	—	2.1	6.1	11.1
123	99	Walley Alexander	122	—	8.6	8.5	7.5
226	196	W. S. Yates	200	—	17.4	6.7	6.7

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Walter Lawrence P.L.C.

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Application has been made to the Council of The Stock Exchange for the above-mentioned Preference Shares to be admitted to the Official List.

Particulars of the Preference Shares are available in the Statistical Services of Extel Statistical Services Limited. Copies of the Circular sent to Shareholders dated 23rd January 1986 (constituting Listing Particulars) and copies of the Annual Report and Accounts of Walter Lawrence P.L.C. for the year ended 31st December 1984 may be collected from the Company Announcements Office, The Stock Exchange, Throgmorton Street, London EC2P 2BT, for 2 days from the date of this notice and, during normal business hours on any weekday (Saturdays excepted), for 14 days from the date of this notice from:

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22nd February 1986

UK COMPANY NEWS

Stonehill half-way profits hit by trading difficulties

POOR TRADING and the costs of absorbing a new subsidiary have almost wiped out interim profits at furniture maker Stonehill Holdings.

The company reported pre-tax profits of £28,000 for the 22 weeks to November 10 1985, compared with £504,000 in 1984. The interim dividend is held at 3p.

The directors said trading had been difficult and turnover had fallen below budget. Also, the cost of developing and marketing new Unifix ranges, and of renovating Unifix factories had been high. Stonehill acquired Unifix in October 1984.

Turnover for the period was down from £10.68m to £10.07m, and the trading profit down from £61,000 to £23,000. Depreciation was £194,000 against £157,000 and tax amounted to £12,000 (£227,000).

After allowing for ordinary and preferential dividend payments the loss per share is 0.45p, compared with earnings in 1984 of 4.2p.

The board said trading conditions were still difficult, but it expected a recovery in 1986-87 and a resumption of the company's expansion programme in 1987-88.

It said the company's established Stateroom ranges had been improved by adding a modern system of modular furniture. This had been exhibited at Earls Court in November and was well received by customers.

Stonehill's property subsidiary was continuing to develop by expanding its portfolio of freehold properties and considerable effort had been devoted to developing export business. However, these would not show returns for some time, the board said.

comment

Stonehill Holdings is not sitting pretty in the face of cheaper European imports which are making it hard to maintain sales in a volume business. And although the company is invest-

ing so as to reduce its breakeven point, the benefits of this have yet to come through. In the circumstances an uncovered dividend at the half-way mark is better than no loaf. The payout level was, however, less generous because the Steinberg family, who own and run the company, waived their entitlement. Outside shareholders who keep the stock for income should be more than content with a yield of 11 per cent — although the sharp fall in the share price due to selling ahead of these figures helped yank this up by a full point or more. The best that can be hoped for this year is that Stonehill will be able to cover its dividends (assuming the same waivers volunteer again), which suggests pre-tax profits of £250,000. The shares at 78p are on a 1985-86 low and some optimists will no doubt be talking of a recovery situation. But with only one good year in the last five, Stonehill needs to do more on costs to convince.

Spice sets new date for USM flotation

SPICE, which claims to be the UK's largest independent wholesaler and distributor of automotive parts, is taking a second crack at USM flotation.

The company originally intended to go public last September. But the flotation was scuppered by the launch, that Spice's financial controller, Mr David Roberts, had been convicted of fraud.

The flotation was put on ice and Mr Roberts charged with misappropriation of funds.

The flotation is now scheduled for February 20 in a placing through stockbroker Capel-Curey. Spice will release 2,888,750, or 37 per cent, of its shares at a placing price of 80p.

This will capitalise the company at 58.2m. In the financial year to September 31 Spice managed turnover of £18.5m and pre-tax profit of £648,000, producing a p/e after tax of 8.4.

The directors expect to pay a dividend of 0.25p a share for the six months to March 31, assuming that profits reach a similar level to those of the last financial year, the final dividend will be 5p a share.

Spice began trading 20 years ago under the aegis of its present chairman, Mr Gordon Spice, who, as a racing car driver, won the British saloon car championship seven years running.

The company has since established four cash and carry warehouses in the south of England which collectively command just under 2 per cent of the £2bn market for auto parts, according to Mintel, the market research company.

Should the flotation prove successful, Spice will raise £2.3m which will be channelled into three parts: opening new units in the north of England and possibly in Wales, and into diversification, by developing related areas such as the provision of leisure goods for sale in High Street auto parts shops and garage forecourts.

Lower Zimbabwe profits hit United Packaging

LOWER PRE-TAX profits from its Zimbabwe side have resulted when converted into sterling, in a reduced £463,242 at United Packaging for the six months to end-October 1985, against a previous £497,458.

The directors of this West Yorkshire-based group, which is involved in the manufacture and distribution of packaging goods in the UK, Zimbabwe and Botswana, improved from £4.57m to £4.66m, with the UK rising to £3.59m (£3.15m) and Zimbabwe to £1.27m (£1.25m).

The directors are lifting the interim dividend from an adjusted 1.2p following the one for three scrip issue in October, to 1.4p. In 1985-86 an adjusted 2.7p total was paid out on pre-tax profits of £1.29m.

For this half UK profits continued to rise, showing a 15 per cent improvement to £227,074 (£243,394), and the directors

expect the second half to show continued growth.

Although the Zimbabwe profits fell by £96,908 to £187,260, in local currency terms they were virtually unchanged. Application has been made in Zimbabwe for purchase of Government 4 per cent deferred bonds which will lead to the resumption of remittances from Zimbabwe to the UK.

After a lower tax charge of £214,000 (£240,000) net profits emerged slightly down, from £257,463 to £234,242. Minorities took a reduced £21,432 (£30,390), leaving attributable profits ahead at £222,810 against £227,074.

Stated earnings per 10p share for this USM-quoted company are up from 5.36p to 5.49p based on attributable profits and up from 3.2p to 3.56p based on profits available for distribution in the UK.

DJ Security advances to £210,000

A substantial increase in pre-tax profits is reported by DJ Security Alarms for the year to October 31 1985. Figures show profits up from £99,118 to £209,630 on turnover higher at £1.17m compared with £778,310.

The results include the consolidation of figures of a new subsidiary—DJ Security Alarms (Wales)—which is 75 per cent owned. The result also includes a tax charge of £80,423 compared with a credit of £14,000 last time. The final dividend is raised from 0.3p net to 0.85p for an increased total of 1.5p against 1.5p, and stated earnings per 10p share improved from 2.83p to 3.19p fully diluted.

The company has recently received from approval to maintain certain specified types of telecommunications equipment.

NOTICE OF REDEMPTION

To the Holders of

FINANCE FOR INDUSTRY LIMITED

(now Investors in Industry Group plc)

10% Sterling/U.S. dollar payable Bonds 1989

NOTICE IS HEREBY GIVEN that the Annual Redemption due March 15, 1986 has been carried out by a selection by lot of £356,000 nominal Bonds on February 5, 1986 for redemption, at par as follows:

OUTSTANDING BONDS OF £1,000 EACH BEARING SERIAL NUMBERS ENDING IN THE FOLLOWING TWO DIGITS:

27		37		47		57		67		77		87		97	
215	1115	1615	2115	2615	3115	3615	4115	4615	5115	5615	6115	6615	7115	7615	8115
717	1217	1717	2217	2717	3217	3717	4217	4717	5217	5717	6217	6717	7217	7717	8217

Said Bonds may be presented for payment to Morgan Guaranty Trust Company of New York, 30 West Broadway, New York, New York 10015 or to the other Paying Agents named on the Bonds.

Bonds surrendered for redemption should have attached all unexpired coupons appurtenant thereto. Coupons due March 15, 1986 should be detached and collected in the usual manner. PAYMENT WILL BE MADE ON MARCH 15, 1986 AGAINST SURRENDER OF BONDS IN STERLING OR, AT THE OPTION OF THE BEARER, IN U.S. DOLLARS CALCULATED AS SET FORTH IN CONDITION 6 OF THE BONDS. SUCH OPTION TO RECEIVE DOLLARS IS IRREVOCABLE AND MAY BE MADE ONLY BY THE PRESENTATION AND SURRENDER OF SUCH BONDS, TOGETHER WITH A COMPLETED NOTICE OF EXERCISE OF DOLLAR OPTION, AT THE PRINCIPAL OFFICE OF ANY OF THE PAYING AGENTS NOT LATER THAN MARCH 6, 1986. INTEREST ON THE BONDS IS PAYABLE ONLY IN U.S. DOLLARS.

Payments will be made (i) in the case of any payment to be made in pounds sterling by a check drawn on, or by transfer to an account maintained by the payee with, a bank in London, subject in each case to any laws or regulations applicable thereto; and (ii) in the case of any payment to be made in U.S. dollars, at any agency outside New York City by a check drawn on a U.S. dollar account, or by transfer to a U.S. dollar account maintained by the payee with, a bank in New York City, subject in each case to any laws or regulations applicable thereto. Any such payment made by transfer to an account maintained by the payee with a bank in the United States may be subject to reporting to the United States Internal Revenue Service (IRS) and to backup withholding of 20% of the gross proceeds if payee not recognized as exempt recipient fail to provide the paying agent with an executed IRS Form W-9 in the case of non-U.S. persons certifying under penalties of perjury that the payee is not a U.S. person or an executed IRS Form W-9 in the case of U.S. persons certifying under penalties of perjury that the payee's taxpayer identification number (employer identification number or social security number, as appropriate). Those holders who are required to provide their correct taxpayer identification number on Internal Revenue Service Form W-9 and who fail to do so may also be subject to a penalty of \$50. Please therefore provide the appropriate certification when presenting your securities for payment.

From and after March 15, 1986 interest shall cease to accrue on the Bonds herein designated for redemption.

INVESTORS IN INDUSTRY GROUP PLC

By: MORGAN GUARANTY TRUST COMPANY of New York, Principal Paying Agent

Dated: February 12, 1986

This announcement appears as a matter of record only.

NEVI
(Incorporated in the Kingdom of Norway with limited liability)

The Norwegian financial services group through its subsidiary

NEVI BALTIC PLC

has acquired

BALTIC PLC

The undersigned initiated this transaction and acted as financial advisor to Nevi Baltic PLC

QUAIL INVESTMENT COMPANY (U.K.) LIMITED

W. GREENWELL & CO.

February 1986

NOTICE OF OPTIONAL REDEMPTION

crédit foncier de france

U.S. \$60,000,000
Guaranteed Floating Rate
Notes due 1990

Notice is hereby given that in accordance with the description of the above Notes, Crédit Foncier de France, has elected to redeem all of the outstanding Notes at their principal amount on 19th March, 1986, when interest on the Notes will cease to accrue.

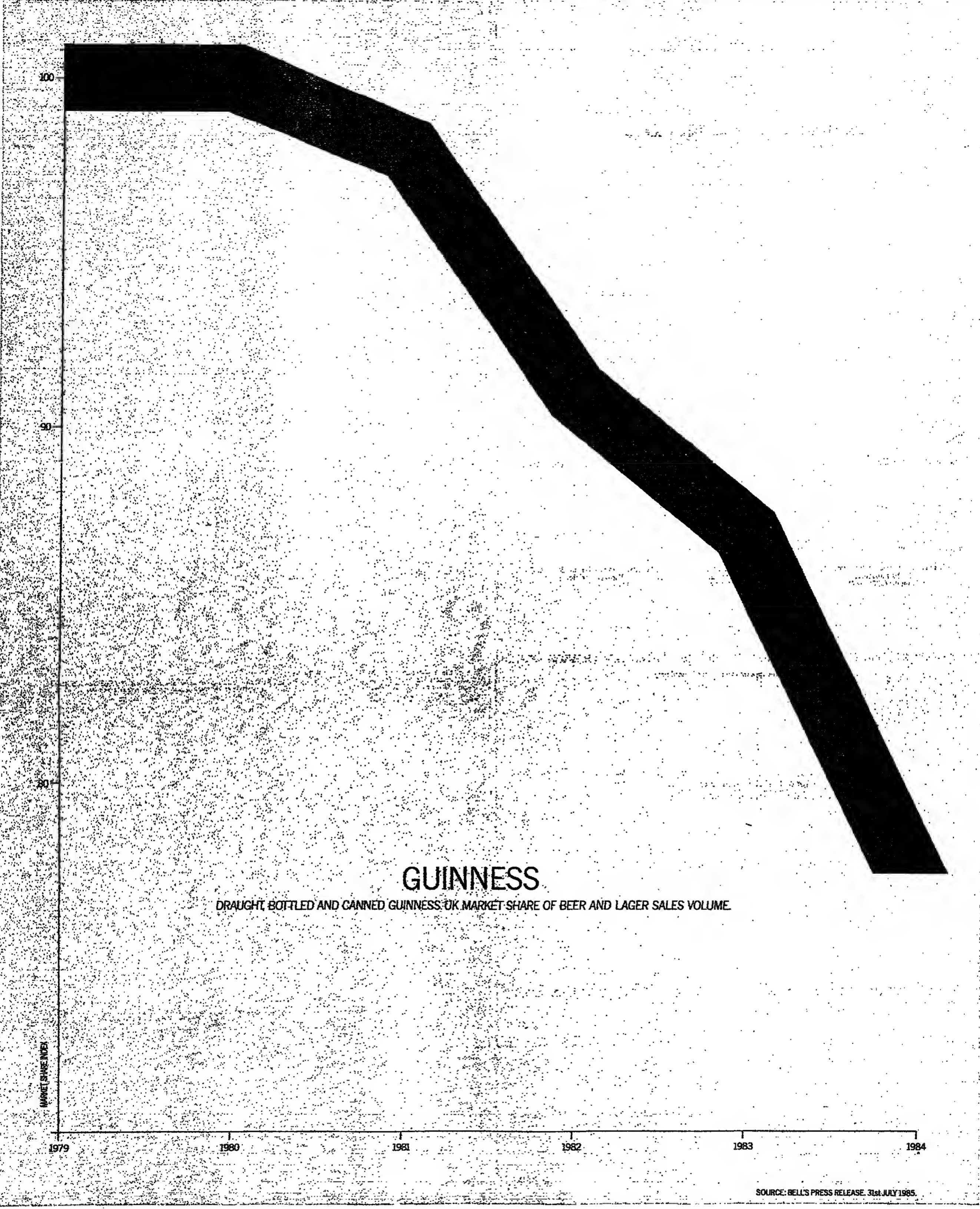
Repayment of principal will be made upon presentation and surrender of the Notes with all unexpired Coupons attached, at the offices of any of The Paying Agents mentioned thereon.

Accrued interest due on 19th March, 1986 will be paid in the normal manner against presentation of Coupon No. 7.

The Sumitomo Bank, Limited
Fiscal and Paying Agent

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February 12 1986
Spice sets new date for USM flotation
LIMITED
de France
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Rate
12.50
limited



Unbelievable but true.
Distillers have turned to Guinness for marketing help.
 Argyll. We can revive Distillers' spirits.

UK COMPANY NEWS

Imps gets breather in bid battle

By Martin Dickson

Imperial Group, which is fighting a £1.8bn takeover bid from Hanson Trust, has been released by the Takeover Panel from the normal timetable governing bid battles.

The ruling has been made because the Government is taking an unusually long time in deciding whether or not to refer to Monopolies Commission either the Hanson bid for Imperial or Imperial's rival plan for a merger with United Biscuits. An announcement is now likely later this week.

Yesterday was the 98th day of the Hanson bid, which is normally the last on which a defending company can publish significant information, including profit forecasts. With the agreement of Hanson, the panel is allowing Imperial to make many of the announcements after the 98th day of the takeover.

Two other important dates will be extended by the same amount of time—day 96, the last on which a revised offer can be made, and day 90, the final day of the battle. But the ruling does not affect the next closing date of the two offers.

Britvic and Canada Dry Rawlings unveil agreed merger plan

By Lisa Wood

BRITVIC, the mixed drink and fruit juice subsidiary of Allied Lyons, confirmed yesterday that it is to merge with Canada Dry Rawlings, the soft drinks maker owned by Bass and Whitbread.

Bass, with 68 per cent of Canada Dry Rawlings, will manage the new soft drinks business and will have 50 per cent of the shares with Allied Lyons and Whitbread each owning 25 per cent.

Mr Ken Richards, a director of Bass, will remain chairman of the business which will retain existing trading names. The holding company of the business is Britannia Soft Drinks whose trading name is Canada Dry Rawlings.

The move is part of a general shake-up in the 28th-year UK soft drinks industry which is fighting against overcapacity and a decline in prices in real terms. The financial terms of the merger have not been disclosed and subject to Office of Fair Trading clearance it will take place from March 3. The new company will have just under 10 per cent by volume of the UK soft drinks business.

Britvic, ranking fifth in the UK soft drinks industry, has been seeking for some time a suitable partner to develop its business.

Canada Dry Rawlings, number three in the industry after Cadbury Schweppes and Beecham, made a pre-interest profit of £1.3m on sales of £73m in the year to September 30 1984. Britvic in the year to March 3 1984 made £3.4m on sales of £7m.

Mr J. Lyons, the Lyons Maid ice-cream maker and food division of Allied Lyons, is to purchase Flying Geese, the Whitbread-based speciality soft food business, for an undisclosed sum.

Loss of £0.24m by CPS Computer

AS THE company warned last month CPS Computer Group fell into loss in the second half of 1985, wiping out the interim profits of £82,000.

Although directors were expecting an improvement at the halfway stage the USM-quoted computer distributor reported a loss for the year to the end of September 1985 of £243,000, in line with last month's forecast of between £200,000 and £250,000. In the previous year the group profits of £237m.

The result was achieved on turnover up from £37.26m to £41.7m.

From continuing activities a loss of £70,000 was incurred against a profit last time of £55,800 and discontinued activities suffered losses of £173,000 against losses of £279,000.

There was a tax credit of £708,000 (debit £276,000) and an extraordinary credit of £89,000 (net) leaving earnings per 20p share of 1.9p (1.8p). The directors are proposing an unchanged final dividend of 0.7p, making a same-gain total of 1p.

The extraordinary credit represents the surplus on the previous pensions scheme of Olympia (Readers) less the loss on the ending date entry and software services activities. The discontinued activities refer to the results of Lanex Commercial Computing and Lanex Computing Services which were sold in December last year.

NOTICE OF REDEMPTION BY THE REGIONAL MUNICIPALITY OF OTTAWA-CARLETON

To the Holders of Debentures U.S. \$25,000,000
9 1/2% Debentures due March 15, 1990
Authorized by By-Law Number 35 of 1975

Principal Amount Redeemable March 15, 1986 U.S. \$1,976,000
Less: Credit of Principal Amount of Debentures Purchased and Cancelled U.S. \$ 537,000
Balance of Principal Amount to be Redeemed U.S. \$1,439,000

NOTICE IS HEREBY GIVEN that The Regional Municipality of Ottawa-Carleton will redeem on March 15, 1986 Debentures bearing the numbers listed below at 100% of the principal amount of each Debenture plus accrued interest to the redemption date.

U.S. \$1,000 COUPON BEARING DEBENTURES

00031	01571	04310	05135	06178	07168	07975	09082	10107	12327	13726	14848	18456	20040	20832	21611	22416	23637
00040	01613	04319	05146	06189	07179	07993	09108	10134	12354	13753	14875	18483	20067	20859	21638	22443	23664
00051	01615	04321	05148	06191	07181	07995	09110	10136	12356	13755	14877	18485	20069	20861	21640	22445	23666
00062	01616	04326	05153	06196	07186	07999	09114	10140	12360	13759	14881	18489	20073	20865	21644	22449	23670
00073	01617	04331	05158	06201	07191	07999	09114	10141	12361	13759	14881	18489	20073	20865	21644	22449	23670
00084	01618	04336	05165	06204	07194	07999	09114	10142	12362	13759	14881	18489	20073	20865	21644	22449	23670
00095	01619	04341	05170	06207	07194	07999	09114	10143	12363	13759	14881	18489	20073	20865	21644	22449	23670
00106	01620	04346	05175	06210	07194	07999	09114	10144	12364	13759	14881	18489	20073	20865	21644	22449	23670
00117	01621	04351	05180	06213	07194	07999	09114	10145	12365	13759	14881	18489	20073	20865	21644	22449	23670
00128	01622	04356	05185	06216	07194	07999	09114	10146	12366	13759	14881	18489	20073	20865	21644	22449	23670
00139	01623	04361	05190	06219	07194	07999	09114	10147	12367	13759	14881	18489	20073	20865	21644	22449	23670
00150	01624	04366	05195	06222	07194	07999	09114	10148	12368	13759	14881	18489	20073	20865	21644	22449	23670
00161	01625	04371	05200	06225	07194	07999	09114	10149	12369	13759	14881	18489	20073	20865	21644	22449	23670
00172	01626	04376	05205	06228	07194	07999	09114	10150	12370	13759	14881	18489	20073	20865	21644	22449	23670
00183	01627	04381	05210	06231	07194	07999	09114	10151	12371	13759	14881	18489	20073	20865	21644	22449	23670
00194	01628	04386	05215	06234	07194	07999	09114	10152	12372	13759	14881	18489	20073	20865	21644	22449	23670
00205	01629	04391	05220	06237	07194	07999	09114	10153	12373	13759	14881	18489	20073	20865	21644	22449	23670
00216	01630	04396	05225	06240	07194	07999	09114	10154	12374	13759	14881	18489	20073	20865	21644	22449	23670
00227	01631	04401	05230	06243	07194	07999	09114	10155	12375	13759	14881	18489	20073	20865	21644	22449	23670
00238	01632	04406	05235	06246	07194	07999	09114	10156	12376	13759	14881	18489	20073	20865	21644	22449	23670
00249	01633	04411	05240	06249	07194	07999	09114	10157	12377	13759	14881	18489	20073	20865	21644	22449	23670
00260	01634	04416	05245	06252	07194	07999	09114	10158	12378	13759	14881	18489	20073	20865	21644	22449	23670
00271	01635	04421	05250	06255	07194	07999	09114	10159	12379	13759	14881	18489	20073	20865	21644	22449	23670
00282	01636	04426	05255	06258	07194	07999	09114	10160	12380	13759	14881	18489	20073	20865	21644	22449	23670
00293	01637	04431	05260	06261	07194	07999	09114	10161	12381	13759	14881	18489	20073	20865	21644	22449	23670
00304	01638	04436	05265	06264	07194	07999	09114	10162	12382	13759	14881	18489	20073	20865	21644	22449	23670
00315	01639	04441	05270	06267	07194	07999	09114	10163	12383	13759	14881	18489	20073	20865	21644	22449	23670
00326	01640	04446	05275	06270	07194	07999	09114	10164	12384	13759	14881	18489	20073	20865	21644	22449	23670
00337	01641	04451	05280	06273	07194	07999	09114	10165	12385	13759	14881	18489	20073	20865	21644	22449	23670
00348	01642	04456	05285	06276	07194	07999	09114	10166	12386	13759	14881	18489	20073	20865	21644	22449	23670
00359	01643	04461	05290	06279	07194	07999	09114	10167	12387	13759	14881	18489	20073	20865	21644	22449	23670
00370	01644	04466	05295	06282	07194	07999	09114	10168	12388	13759	14881	18489	20073	20865	21644	22449	23670
00381	01645	04471	05300	06285	07194	07999	09114	10169	12389	13759	14881	18489	20073	20865	21644	22449	23670
00392	01646	04476	05305	06288	07194	07999	09114	10170	12390	13759	14881	18489	20073	20865	21644	22449	23670
00403	01647	04481	05310	06291	07194	07999	09114	10171	12391	13759	14881	18489	20073	20865	21644	22449	23670
00414	01648	04486	05315	06294	07194	07999	09114	10172	12392	13759	14881	18489	20073	20865	21644	22449	23670
00425	01649	04491	05320	06297	07194	07999	09114	10173	12393	13759	14881	18489	20073	20865	21644	22449	23670
00436	01650	04496	05325	06300	07194	07999	09114	10174	12394	13759	14881	18489	20073	20865	21644	22449	23670
00447	01651	04501	05330	06303	07194	07999	09114	10175	12395	13759	14881	18489	20073	20865	21644	22449	23670
00458	01652	04506	05335	06306	07194	07999	09114	10176	12396	13759	14881	18489	20073	20865	21644	22449	23670
00469	01653	04511	05340	06309	07194	07999	09114	10177	12397	13759	14881	18489	20073	20865	21644	22449	23670
00480	01654	04516	05345	06312	07194	07999	09114	10178	12398	13759	14881	18489	20073	20865	21644	22449	23670
00491	01655	04521	05350	06315	07194	07999	09114	10179	12399	13759	14881	18489	20073	20865	21644	22449	23670
00502	01656	04526	05355	06318	07194	07999	09114	10180	12400	13759	14881	18489	20073	20865	21644	22449	23670
00513	01657	04531	05360	06321	07194	07999	09114	10181	12401	13759	14881	18489	20073	20865	21644	22449	23670
00524	01658	04536	05365	06324	07194	07999	09114	10182	12402	13759	14881	18489	20073	20865	21644	22449	23670
00535	01659	04541	05370	06327	07194	07999	09114	10183	12403	13759	14881	18489	20073	20865	21644	22449	23670
00546	01660	04546	05375	06330	07194	07999	09114	10184	12404	13759	14881	18489	20073	20865	21644	22449	23670
00557	01661	04551	05380	06333	07194	07999	09114	10185	12405	13759	14881	18489	20073	20865	21644	22449	23670
00568	01662	04556	05385	06336	07194	07999	09114	10186	12406	13759	14881	18489	20073	20865	21644	22449	23670
00579	01663	04561	05390	06339	07194	07999	09114	10187	12407	13759	14881	18489	20073	20865	21644	22449	23670
00590	01664	04566	05395	06342	07194	07999	09114	10188	12408	13759	14881	18489	20073	20865	21644	22449	23670
00601	01665	04571	05400	06345	07194	07999	09114	10189	12409	13759	14881	18489	20073	20865	21644	22449	23670
00612	01666	04576	05405	06348	07194	07999	09114	10190	12410	13759	14881	18489	20073	20865	21644	22449	23670
00623	01667	04581	05410	06351	07194	07999	09114	10191	12411	13759	14881	18489	20073	20865	21644	22449	23670
00634	01668	04586	05415	06354	07194	07999	09114	10192	12412	13759	14881	18489	20073	20865	21644	22449	23670
00645	01669	04591	05420	06357	07194												

FT COMMERCIAL LAW REPORTS

Lloyd's syndicate wins interest on reinsurance damages

EDMUNDS v ADAS Court of Appeal (Sir John Donaldson, Master of the Rolls, Lord Justice Stephenson and Lord Justice Parker); February 10 1988

ON A claim for damages and interest the court has power to give judgment on liability and to award interest though an amount equal to the principal sum was paid by the defendant and accepted by the plaintiff before trial of the action if acceptance was not in full settlement of the claim to include interest.

The Court of Appeal as held when dismissing an appeal by reinsurer, Administration of State Insurance (Adas), from Mr Justice Leggatt's decision that Mr Edward Edmunds, a Lloyd's underwriter suing on his own behalf and on behalf of other members of Lloyd's syndicate No 317, was entitled to summary judgment for damages against Adas and to interest on the amount claimed.

Section 34(1) of the Supreme Court Act 1981 (added by section 15 of the Administration of Justice Act 1982) provides: "The court may give judgment for the recovery of a debt or damages there may be included in any sum for which judgment is given in interest..."

In proceedings of a judgment in the proceedings the defendant should be liable to pay the plaintiff simple interest...

SIR JOHN DONALDSON MR said that the syndicate reinsured certain risks with Adas but Adas failed to pay what was due, amounting to £10,045 and \$46,782.

On October 14 1982 Mr Edmunds issued a writ claiming those sums with interest. On March 25 1985 the Adas solicitors sent Mr Edmunds's solicitor two bankers' drafts for the sums claimed in settlement of your clients' claims in the above action.

Mr Edmunds's solicitor replied that the drafts were accepted in settlement of the principal amounts claimed in relation to the above action and asked what proposals Adas had in respect of interest and costs. The Adas solicitors replied that they had no instructions.

The existence of that potential cross-claim could not be used as a defence to the claim for damages because at best it constituted an account of an amount which set-off was not available if it arose after the action began (Richard v James [1984]).

Nor could the payment itself give rise to a defence of tender because it occurred after the action began (Richard v James [1984]).

It was not a judgment for interest only. It was a judgment for damages and interest. That was as it should have been since Adas had no defence to the claim for the sums due under the reinsurance contracts.

Subsection 3 of section 34A appeared to have been necessary in recognition of the different effect of payment on a claim in debt and on one in damages.

Payment in full of a debt extinguished the cause of action and left the court with no basis for giving any judgment, save as provided by subsection (3). Payment in full of the amount of the damages still left the court with power to give judgment on liability and to award interest, taking account of the fact that there had been a payment and acceptance of an account of an amount equal to the full amount of the damages.

The appeal should be dismissed. Lord Justice Stephenson and Lord Justice Parker agreed.

For Mr Edmunds: Peregrin Simon (Cameron Morley). For the reinsurer: John Reddick (Thomas Cooper and Seabrook).

By Rachel Davies Barrister

These reports are published in volume form with the full texts of judgments. For details contact: The Law Reports, Africa House, 68 Kingsway, London WC2B 6BD. Phone 01-531 0391.

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Table listing various unit trusts with columns for Name, Investment Objective, and other details. Includes sub-sections like 'For All Other Shares on Standard Funds Report Ltd' and 'Authorised Unit Trusts'.

CONTRACTS

Plessey wins £7m Navy order for display consoles

PLESSEY has been awarded a £7m contract for a new generation of modular display consoles as part of the Ferranti computer system for the construction of a frigate, on a site at 17-21 Farringdon Street, London EC2A. The development will be a steel frame building, supported on 42 large diameter bored piles. Other features include composite floor construction and a Sardinian grey granite faced precast concrete exterior cladding to the Farringdon Road elevation. The Fleet Lane elevation will feature green anti-sun, double glazed windows and part of the Holborn Viaduct elevation will be finished in Lincolnshire handmade facing brickwork. Plant rooms will be situated in the basement and at roof level. The contract has a duration of 78 weeks.

MEPC has awarded a £4.8m contract to COSTAIN CONSTRUCTION building consisting of basement, ground and six floors plus plant room for the construction of a frigate, on a site at 17-21 Farringdon Street, London EC2A. The development will be a steel frame building, supported on 42 large diameter bored piles. Other features include composite floor construction and a Sardinian grey granite faced precast concrete exterior cladding to the Farringdon Road elevation. The Fleet Lane elevation will feature green anti-sun, double glazed windows and part of the Holborn Viaduct elevation will be finished in Lincolnshire handmade facing brickwork. Plant rooms will be situated in the basement and at roof level. The contract has a duration of 78 weeks.

APPOINTMENTS

Group chief executive for Honeywell UK

HONEYWELL INC is integrating its information systems and control systems operations in the UK and Ireland. Mr Brian Long, vice chairman, Honeywell Ltd, and vice president and managing director, Honeywell Information Systems Ltd, to the newly-created post of vice chairman and group chief executive, Honeywell Ltd. Mr Long and Dr Jim McGregor, chairman, Honeywell Ltd, will continue to work together in the strategic development of the UK business. Mr Leslie Forrester, deputy managing director, Honeywell Control Systems, is promoted to the post of vice chairman and services responsibilities for Control Systems and Control Products. Honeywell Leasfield (A&D) and Control Systems' Scottish factories. Mr George McNeil, director of sales and marketing, Honeywell Leasfield (A&D) and Control Systems' Scottish factories. Mr George McNeil, director of sales and marketing, Honeywell Leasfield (A&D) and Control Systems' Scottish factories.

EUROTHERM has promoted Mr Peter Ridley to marketing director. He was engineering director. Mr Michael Hobson has been appointed managing director of THE CONTINENTAL TRUST, the Schlumberger-Primat family controlled private banking company, and the following have agreed to act: Sir Peter Galsden, Sir David Nicolson, Sir John Rodgers, Mr David Fletcher, and Mr Reiner Hoegs.

F.T. CROSSWORD PUZZLE No. 5946

Crossword puzzle grid with numbers 1-30 indicating starting positions for clues.

- ACROSS: 1 Pass to see around circuit? (5) 2 Calculates foreign leader (5) 3 Bankrupt figure outwardly overbearing (5) 4 Firm's uniform (6) 5 Back in a short time (6) 6 Still looking for sound writing materials (10) 7 Incomplete monument to politician authorised by law (9) 8 Turned about and went back (8) 9 Plan to take number of soldiers (7) 10 Fish to upset bird (6) 11 Oriental lawyer having to succeed in getting girl (6) 12 Clears away fish on board ship (6) 13 Blemish on cliff-face (4) 14 symbol of authority (7) 15 Abandoning hope of father wanting to go out (10) 16 Country demanding feature-article (5) 17 Firm's uniform (6) 18 Back in a short time (6) 19 Still looking for sound writing materials (10) 20 Incomplete monument to politician authorised by law (9) 21 Turned about and went back (8) 22 Plan to take number of soldiers (7) 23 Fish to upset bird (6) 24 Oriental lawyer having to succeed in getting girl (6) 25 Clears away fish on board ship (6) 26 Blemish on cliff-face (4)

RUSH & TOMPKINS GROUP has appointed Mr Nigel D. Druett to the board as finance director. He was previously finance director of Howard Machinery. Mr M. F. Stansfield has been appointed company secretary. Both appointments are from March 3. Mr J. A. Thompson has been appointed finance director of LONDON & METROPOLITAN ESTATES. He was previously group finance director of Rush & Tompkins group. Mr Anthony Hepper has been appointed chairman of LAMONT AND PARTNERS. His existing directorships include Foreign & Colonial Pacific Investment Trust and Cape Industries. Mr Derek Lloyd has just been appointed managing director and Mr Malcolm Cogan director with special responsibility for London operations for the newly-formed company, STANNAR LIFTS SERVICE. From April 1, Mr E. M. Everett, managing director of THORNEMI LIGHTING, becomes vice chairman and Mr B. D. H. Bryce is appointed managing director. Mr Everett joined the lighting company's board in 1985. Mr Bryce transfers from ThornEMI Detatch where he is managing director. Following the buy-out of the J. J. Lloyd Instrument companies LLOYD INTERNATIONAL has made the following board appointments. Mr Michael J. Love, managing director and chief executive, Mr Robert S. Hill, marketing and sales director, Mr Tony Roberts, production director, and Mr Ernie Woodard, technical director. Two non-executive directors have been appointed. Mr Julian E. Lloyd and Mr Simon S. Greenly. Mr Michael Bradley has been appointed a director of HARLOW USDA SAVAGE (STERLING). Mr Bryan K. Johnson has been appointed managing director of PLATED STRIP (INTERNATIONAL) and also director of X-Factor Enterprises. Both companies are subsidiaries of Banro Industries. Mr Paul Minter has been appointed sales director of TRION, UK subsidiary of Trion Inc, US.

CONTINUED OVERLEAF

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INSURANCE, OVERSEAS & MONEY FUNDS

Table listing various insurance and financial products, including company names, fund names, and numerical values.

Main table listing insurance, overseas, and money funds with columns for company names, fund names, and numerical values.

Table listing money market and bank accounts, including company names, account names, and numerical values.

OFFSHORE AND OVERSEAS

TRADITIONAL OPTIONS

Table listing traditional options with columns for option names and numerical values.

Vertical text on the left margin, including 'vice sets', 'date', 'r USM', 'station', 'ATED', 'MILES', 'CAL NUMER', 'EMPIRY', 'Rate', 'mited'.

Vertical text on the right margin, including 'Money Market Trust Funds', 'Money Market Bank Accounts', 'NOTES', 'A London Stock Exchange Report Page'.

COMMODITIES AND AGRICULTURE

US faces sugar imports dilemma

BY NANCY DUNNE IN WASHINGTON

THE US Government was yesterday considering an embarrassing dilemma over a cut in the country's sugar import quota...

said Ms Carolyn Blydes, an aide to Congressman Thomas Downey, a New York Democrat...

price at no cost to the government, the cut should be double that amount, Mr Barakat said.

the 68 African, Caribbean and Pacific (ACP) states linked to the community by the Lomé trade and aid pact...

Wolff may be split up for sale

By Stefan Wagstyl NORANDA, the hard-pressed Canadian mining group, is considering splitting up Rudolf Wolff, the London trading subsidiary...

Gatt forecasts dearer meat

BY WILLIAM DULLFORCE IN GENEVA

MEAT PRICES should pick up in 1986 after being depressed for several years, according to the annual report...

Output of pork, poultry and sheepmeat, is predicted to continue to expand though more slowly...

adopted, the report notes, some 300,000 tons of the equivalent of 130,000 tonnes of beef...

LONDON MARKETS

ZINC PRICES on the London Metal Exchange continued to slide yesterday as producers announced a new round of cuts...

INDICES FINANCIAL TIMES

Table with columns for indices: Feb 11, Feb 10, Feb 9, Feb 8, Feb 7, Feb 6, Feb 5, Feb 4, Feb 3, Feb 2, Feb 1, 1985.

REUTERS DOW JONES

Table with columns for Dow Jones and Reuters indices: Feb 11, Feb 10, Feb 9, Feb 8, Feb 7, Feb 6, Feb 5, Feb 4, Feb 3, Feb 2, Feb 1, 1985.

MAIN PRICE CHANGES

Table listing price changes for various commodities: METALS, COCOA, COFFEE, COTTON, etc.

US MARKETS

GOLD AND silver recovered from early weakness as investors renewed US dollar demand...

NEW YORK

Table listing New York market prices: ALUMINIUM, COCOA, COFFEE, COTTON, etc.

CHICAGO

Table listing Chicago market prices: LIVE CATTLE, LIVE HOGS, etc.

ORANGE JUICE

Table listing Orange Juice prices: March, April, May, June, July, August, Sept, Oct, Nov, Dec, 1985.

SUGAR WORLD

Table listing Sugar World prices: March, April, May, June, July, August, Sept, Oct, Nov, Dec, 1985.

COFFEE

Table listing Coffee prices: March, April, May, June, July, August, Sept, Oct, Nov, Dec, 1985.

COTTON

Table listing Cotton prices: March, April, May, June, July, August, Sept, Oct, Nov, Dec, 1985.

SOYBEAN OIL

Table listing Soybean Oil prices: March, April, May, June, July, August, Sept, Oct, Nov, Dec, 1985.

WHEAT

Table listing Wheat prices: March, April, May, June, July, August, Sept, Oct, Nov, Dec, 1985.

POTATOES

Table listing Potato prices: March, April, May, June, July, August, Sept, Oct, Nov, Dec, 1985.

SOYBEAN MEAL

Table listing Soybean Meal prices: March, April, May, June, July, August, Sept, Oct, Nov, Dec, 1985.

RUBBER

Table listing Rubber prices: March, April, May, June, July, August, Sept, Oct, Nov, Dec, 1985.

Soviet Union attacks West over oil price slide

BY DOMINIC LAWSON

THE SOVIET UNION, the world's largest oil producer, yesterday made its first complaint...

India allows private exports of raw cotton

BY R. C. MARDY IN BOMBAY

THE INDIAN Government is allowing private traders to export raw cotton for the first time in 15 years...

Peter Blackburn on efforts to tailor the crop to British tastes

Ivory Coast strives for cocoa quality

THE Ivorian Government plans in the near future to set up a committee to monitor a British-inspired experimental programme...

ALUMINIUM

Table listing Aluminium prices: Unofficial, High/Low, etc.

COPPER

Table listing Copper prices: Unofficial, High/Low, etc.

LEAD

Table listing Lead prices: Unofficial, High/Low, etc.

ZINC

Table listing Zinc prices: Unofficial, High/Low, etc.

GOLD

Table listing Gold prices: London Bullion Market Association, etc.

COFFEE

Table listing Coffee prices: C, C/2, C/3, etc.

COTTON

Table listing Cotton prices: C, C/2, C/3, etc.

SOYBEAN OIL

Table listing Soybean Oil prices: S, S/2, S/3, etc.

WHEAT

Table listing Wheat prices: W, W/2, W/3, etc.

POTATOES

Table listing Potato prices: P, P/2, P/3, etc.

SOYBEAN MEAL

Table listing Soybean Meal prices: M, M/2, M/3, etc.

WHEAT

Table listing Wheat prices: W, W/2, W/3, etc.

POTATOES

Table listing Potato prices: P, P/2, P/3, etc.

SOYBEAN MEAL

Table listing Soybean Meal prices: M, M/2, M/3, etc.

RUBBER

Table listing Rubber prices: R, R/2, R/3, etc.

ORANGE JUICE

Table listing Orange Juice prices: O, O/2, O/3, etc.

SUGAR

Table listing Sugar prices: S, S/2, S/3, etc.

COFFEE

Table listing Coffee prices: C, C/2, C/3, etc.

COTTON

Table listing Cotton prices: C, C/2, C/3, etc.

SOYBEAN OIL

Table listing Soybean Oil prices: S, S/2, S/3, etc.

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CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES Dollar continues to retreat

The dollar fell below Sfr 2.00 against the Swiss franc in European foreign exchange trading yesterday, for the first time in three years. This continued the trend seen in New York over the night, when the dollar closed at Sfr 1.9655. The dollar also weakened to another seven-year low in terms of the Japanese yen and a three-year low against the D-mark.

The yen remained in the van of currencies rising against the dollar, but the Swiss franc was also in demand. This appeared to be something of a catching up process, after the franc has tended to lag behind the yen and D-mark recently.

There were no new factors, and trading was quiet, with banks in Frankfurt closing around noon for Carnival celebrations. In the Far East, Hong Kong and Singapore remained on holiday for the Chinese New Year, and trading was closed for a public holiday.

The dollar fell to Y187.25 from Y188.15, the lowest level since November 1978, and to Sfr 1.9510 from Sfr 1.9655, the lowest level since February 1983. It also declined to DM 2.3745 from DM 2.3855, the lowest level since February 1983, and to FF 127.5275 from FF 128.5750.

FINANCIAL FUTURES US bonds firm

Dollar denominated interest rate contracts were firmer on the London International Financial Futures Exchange yesterday. Falling oil prices gave US Treasury bond futures a boost, continuing a process begun overnight in Chicago.

Britain's refusal to cut back North Sea oil production, in line with the 12 per cent reduction called for by the Organisation of Petroleum Exporting Countries, contributed to renewed downward pressure on North Sea crude prices on the European market yesterday.

March delivery Treasury bonds traded from 91.92, and closed at 92.25, compared with 91.92, after touching a peak of 92.00.

Rumours that Mr Paul Volcker, chairman of the Federal Reserve Board, was about to resign, over the issue of monetary policy, were dismissed.

Long gilt futures retreated initially, after Monday's sharp rise, and short sterling deposits also weakened, as sterling lost ground to major currencies.

Long gilts fell to 110.06 from 110.57, after falling to a low of 109.28. Short sterling for March declined to 87.37 from 87.39, after touching 87.30.

POUND SPOT—FORWARD AGAINST POUND

Table showing pound spot and forward rates against the pound for various currencies including US, Canada, Netherlands, Belgium, France, West Germany, Italy, Spain, Norway, Denmark, Japan, and Switzerland.

CURRENCY MOVEMENTS

Table showing currency movements for various currencies including Sterling, US dollar, Canadian dollar, Austrian schilling, Belgian franc, Deutsche mark, Swiss franc, French franc, and Yen.

DOLLAR SPOT—FORWARD AGAINST DOLLAR

Table showing dollar spot and forward rates against the dollar for various currencies including UK, Ireland, Canada, Netherlands, Belgium, France, West Germany, Italy, Spain, Norway, Denmark, Japan, and Switzerland.

OTHER CURRENCIES

Table showing other currencies including Argentina, Australia, New Zealand, South Africa, and South Korea.

EXCHANGE-CROSS RATES

Table showing exchange-cross rates for various currencies including DM, Yen, Sfr, FF, Hfl, Lira, and others.

CURRENCY RATES

Table showing currency rates for various currencies including Sterling, Canadian dollar, Australian dollar, New Zealand dollar, South African rand, and others.

EURO-CURRENCY INTEREST RATES

Table showing Euro-currency interest rates for various currencies including Sterling, US dollar, Canadian dollar, and others.

STERLING INDEX

Table showing the sterling index for various currencies including US dollar, Canadian dollar, Australian dollar, and others.

MONEY MARKETS

London quiet and steady

Trading on the London money market was very quiet yesterday, and interest rates showed little change. Three-month interbank was steady at 12 1/2 per cent, bank bills in band 3 at 12 1/2 per cent, and three-month eligible bank bills compared with 12 1/2 per cent on Monday.

FT LONDON INTERBANK FIXING

Table showing FT London interbank fixing rates for various currencies including US dollars, Swiss francs, and others.

NEW YORK RATES

Table showing New York rates for various currencies including US dollars, Swiss francs, and others.

LONDON MONEY RATES

Table showing London money rates for various currencies including US dollars, Swiss francs, and others.

MONEY RATES

Table showing money rates for various currencies including US dollars, Swiss francs, and others.

EMS EUROPEAN CURRENCY UNIT RATES

Table showing EMS European currency unit rates for various currencies including German mark, French franc, Dutch guilder, and others.

Circular of the Central Bank of Nigeria dated 18th April 1984, regarding applicable foreign exchange rates for anticipated note issues.

Changes in the UK Securities Market, featuring a graphic of a building and text about stock market changes.

FT Key Issue Briefs - Priority Order Form, including contact information for FT Business Information Service.

In the field of energy information, Reuters resources run deeper. Advertisement for Reuters energy news and market coverage.

INDUSTRIALS—Continued

Table of industrial stocks including Shell, BP, British Petroleum, and various other companies with columns for price, change, and volume.

LEISURE—Continued

Table of leisure stocks including Leisure, Leisure Group, and other related companies.

PROPERTY—Continued

Table of property stocks including property investment trusts and real estate companies.

INVESTMENT TRUSTS—Cont.

Table of investment trusts including various equity and income trusts.

FINANCE, LAND—Cont.

Table of finance and land stocks including banks, insurance companies, and land investment trusts.

MINES—Continued

Table of mining stocks including various metal and coal mining companies.

MOTORS, AIRCRAFT TRADES

Table of motor and aircraft trade stocks including companies like Rover and British Aerospace.

COMMERCIAL VEHICLES

Table of commercial vehicle stocks including companies like Leyland and Daimler.

SHIPPING

Table of shipping stocks including companies like P&O and Cunard.

SHOES AND LEATHER

Table of shoes and leather stocks including companies like Clarks and Frye.

OVERSEAS TRADERS

Table of overseas trader stocks including companies like Jardines and Guthrie & Co.

PLANTATIONS

Table of plantation stocks including companies like Guthrie & Co and various rubber plantations.

INSURANCE

Table of insurance stocks including companies like Prudential and Royal Indemnity.

PROPERTY

Table of property stocks including various real estate investment trusts.

TRUSTS, FINANCE, LAND

Table of trusts, finance, and land stocks including various investment vehicles.

FINANCE, LAND, ETC.

Table of finance, land, and other stocks including banks and insurance companies.

MINES

Table of mining stocks including various metal and coal mining companies.

REGIONAL & IRISH STOCKS

Table of regional and Irish stocks including companies from various parts of the UK and Ireland.

Notes and general information regarding the stock market data, including disclaimers and contact information.

LONDON STOCK EXCHANGE

MARKET REPORT

Account Dealing Dates
Option
First Declared Last Account
Date Dealings Day

Oil price concern imparts restraint and equity leaders ease back

Sharply lower North Sea oil prices imparted restraint to London markets yesterday and failed an attempt by the FT Ordinary share index to breach 1200.

formed in a similar fashion with Barclays closing unaltered at 485p, after 455p, and Lloyds 3 cheaper at 455p, after 450p.

Light profit-taking replaced the good investment demand of the previous two sessions, but the sales were generally aimed at speculative high-fliers and short-term issues.

Buildings continued to attract selective buying interest. Else Circle rose 10 to 565p, while RMC and Farmac both gained 6, to 502p and 388p respectively.

Midland dip and rally
Initially vulnerable to further profit-taking in the wake of the sharp rise which greeted Friday's national to Wells Fargo, Midland rallied smartly from a dull level of 468p to close only 6p lower on balance at 480p as buyers reappeared.

Great Universal Stores A continued to find favour and advanced 15 for a two-day gain of 63 to 815p, although dealers expressed scepticism over talk of a merger with Sears, Roebuck & Co.

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Great Universal Stores A continued to find favour and advanced 15 for a two-day gain of 63 to 815p, although dealers expressed scepticism over talk of a merger with Sears, Roebuck & Co.

FINANCIAL TIMES STOCK INDICES

Table with columns: Index, Feb 11, Feb 10, Feb 9, Feb 8, Feb 7, Feb 6, Feb 5, Feb 4, Feb 3, Feb 2, Feb 1, Year ago. Rows include Government Secs, Fixed Interest, Gold Mines, etc.

HIGHS AND LOWS

Table with columns: Index, High, Low, Date. Rows include Govt. Secs, Fixed Int, Ordinary, Gold Mines.

S.E. ACTIVITIES

Table with columns: Index, Date, Change. Rows include Govt. Secs, Fixed Int, Ordinary, Gold Mines.

limited to a few pence, but Metal Box, a particularly good market of late, encountered profit-taking and gave up 10 to 655p, while Reckitt and Colman also rained market recently, shed 18 to 690p.

MEPC remained firmly in the limelight in Properties, rising a further 10 to 322p on continuing speculation about a possible bid from Trafalgar House, 3 cheaper at 310p.

South African Financials were heavily unchanged as were UK-registered issues, but Platignum made early progress before turning easier.

The retreat by the gold price and a disappointing trend in overnight markets "down-under" prompted a weak opening by Australian issues.

Traded options
Lombard returned to the fore in Traded Options with 1,837 calls transacted, the February 23's and May 22's accounting for 517 and 511 trades respectively.

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

Table with columns: Index, Day's % Change, Est. Yield, Div. Yield, Div. Payout, Div. Frequency, Div. Growth, Div. Yield, Div. Payout, Div. Frequency, Div. Growth. Rows include Capital Goods, Building Materials, etc.

FIXED INTEREST

Table with columns: Index, Day's % Change, Est. Yield, Div. Yield, Div. Payout, Div. Frequency, Div. Growth, Div. Yield, Div. Payout, Div. Frequency, Div. Growth. Rows include British Government, 1-5 years, 5-15 years, etc.

RECENT ISSUES

Table with columns: Issue, Price, Yield, etc. Rows include Anglo-Norfolk, Cable & Wireless, etc.

FIXED INTEREST STOCKS

Table with columns: Issue, Price, Yield, etc. Rows include Anglo-Norfolk, Cable & Wireless, etc.

RIGHTS OFFERS

Table with columns: Issue, Price, Yield, etc. Rows include Anglo-Norfolk, Cable & Wireless, etc.

YESTERDAY'S ACTIVE STOCKS

Table with columns: Stock, Price, Change, etc. Rows include Anglo-Norfolk, Cable & Wireless, etc.

MONDAY'S ACTIVE STOCKS

Table with columns: Stock, Price, Change, etc. Rows include Anglo-Norfolk, Cable & Wireless, etc.

EQUITIES

Table with columns: Stock, Price, Change, etc. Rows include Anglo-Norfolk, Cable & Wireless, etc.

RISES AND FALLS YESTERDAY

Table with columns: Stock, Price, Change, etc. Rows include Anglo-Norfolk, Cable & Wireless, etc.

NEW HIGHS AND LOWS FOR 1985/6

Table with columns: Stock, Price, Change, etc. Rows include Anglo-Norfolk, Cable & Wireless, etc.

LONDON TRADED OPTIONS

Table with columns: Option, Price, Change, etc. Rows include Anglo-Norfolk, Cable & Wireless, etc.

EUROPEAN OPTIONS EXCHANGE

Table with columns: Series, Vol., Last, etc. Rows include Anglo-Norfolk, Cable & Wireless, etc.

TRADITIONAL OPTIONS

Table with columns: First, Last, Declared, etc. Rows include Anglo-Norfolk, Cable & Wireless, etc.

AMSTRAD, MARTIN FORD, ABACO INVESTMENTS

Table with columns: Name, Price, Change, etc. Rows include Anglo-Norfolk, Cable & Wireless, etc.

TOTAL VOLUME IN CONTRACTS: 21,995

Table with columns: A=Auk, B=Bid, C=Call, P=Put. Rows include Anglo-Norfolk, Cable & Wireless, etc.

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WORLD STOCK MARKETS

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AUSTRIA

Table of stock prices for Austria, including companies like Creditanstalt, Erste Bank, and others.

GERMANY

Table of stock prices for Germany, including companies like BASF, Siemens, and Volkswagen.

NORWAY

Table of stock prices for Norway, including companies like Statoil and Norsk Hydro.

AUSTRALIA (continued)

Table of stock prices for Australia, including companies like BHP, Rio Tinto, and others.

JAPAN (continued)

Table of stock prices for Japan, including companies like Toyota, Nissan, and others.

CANADA

Table of stock prices for Canada, including companies like Alcan, Inco, and others.

TORONTO

Table of stock prices for the Toronto stock market.

SWEDEN

Table of stock prices for Sweden, including companies like Volvo and Saab.

HONG KONG

Table of stock prices for Hong Kong, including companies like HSBC and Citibank.

NETHERLANDS

Table of stock prices for the Netherlands, including companies like Shell and Unilever.

DENMARK

Table of stock prices for Denmark, including companies like Carlsberg and Novo Nordisk.

ITALY

Table of stock prices for Italy, including companies like Eni and Fiat.

SWITZERLAND

Table of stock prices for Switzerland, including companies like Nestle and Novartis.

JAPAN

Table of stock prices for Japan, including companies like Toyota, Nissan, and others.

SINGAPORE

Table of stock prices for Singapore, including companies like Shell and Citibank.

NEW YORK

Table of stock prices for the New York stock market.

SOUTH AFRICA

Table of stock prices for South Africa, including companies like Anglo American and De Beers.

AUSTRALIA

Table of stock prices for Australia, including companies like BHP, Rio Tinto, and others.

NETHERLANDS

Table of stock prices for the Netherlands, including companies like Shell and Unilever.

FRANCE

Table of stock prices for France, including companies like Air France and Bouygues.

NOTES - Prices on this page are quoted on the individual exchanges and are last traded prices. Settlements suspended. Ex Dividend, Ex Exempt Issues, Ex Rights, Ex Ex Alt. * Price in Schilling.

OVER-THE-COUNTER

Table of over-the-counter stock prices for various companies.

NASDAQ

Table of NASDAQ stock prices for various companies.

NYSE

Table of NYSE stock prices for various companies.

INDEXES

Table of various stock market indices.

INDICES

Table of various stock market indices.

OVER-THE-COUNTER

Table of over-the-counter stock prices for various companies.

NASDAQ

Table of NASDAQ stock prices for various companies.

NYSE

Table of NYSE stock prices for various companies.

INDEXES

Table of various stock market indices.

INDICES

Table of various stock market indices.

Base values of all indices is 100, except Nikkei SE-100, JSE Gold-255.7; JSE Industrial 254.2; Australia All Ordinaries and Metals-500; NYSE Composite-50; Standard and Poor-500; Toronto Composite and Metals-1,000; Toronto Industrial plus 40 Utilities, 40 Financials and 20 Transports. C Closed, U Unavailable.

Prices at 3pm, February 11

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

Main table of stock prices with columns for 12 Month, Stock, Dr, Yld, P, F, 100s, High, Low, and various other metrics. Includes sub-sections for 'D O' and 'M M'.

Continued on Page 39

Handwritten note: 'Well noted'

NYSE COMPOSITE PRICES

Table of NYSE Composite Prices with columns for Stock, High, Low, Last, Change, and various financial metrics. Includes sub-sections for 'Continued From Page 38' and 'S S S S'.

AMEX COMPOSITE PRICES

Prices at 3pm, February 11

Table of AMEX Composite Prices with columns for Stock, High, Low, Last, Change, and various financial metrics. Includes sub-sections for 'D D D D', 'E E E E', 'F F F F', 'G G G G', 'H H H H', 'I I I I', 'J J J J', 'K K K K', 'L L L L', 'M M M M', 'N N N N', 'O O O O', 'P P P P', 'R R R R', 'S S S S', 'T T T T', 'U U U U', 'V V V V', 'W W W W', 'X X X X', 'Y Y Y Y', 'Z Z Z Z'.

OVER-THE-COUNTER Nasdaq national market, 2:30pm prices

Table of Over-the-Counter prices with columns for Stock, High, Low, Last, Change, and various financial metrics. Includes sub-sections for 'A A A A', 'B B B B', 'C C C C', 'D D D D', 'E E E E', 'F F F F', 'G G G G', 'H H H H', 'I I I I', 'J J J J', 'K K K K', 'L L L L', 'M M M M', 'N N N N', 'O O O O', 'P P P P', 'Q Q Q Q', 'R R R R', 'S S S S', 'T T T T', 'U U U U', 'V V V V', 'W W W W', 'X X X X', 'Y Y Y Y', 'Z Z Z Z'.

AMSTERDAM/DELFT/EINDHOVEN GRONINGEN/THE HAGUE/HAARLEM/HEEMSTEDE/ LEIDEN/LEIDERDORP/OEGSTGEEST/ THE NETHERLANDS. HAND DELIVERY SERVICE. Your subscription copy of the FINANCIAL TIMES can be hand-delivered to your office in the centre of any of the cities listed above. For details contact: Richard Wiles. Tel: 020 239430. Telex: 16527.

Continued on Page 37

FINANCIAL TIMES

WORLD STOCK MARKETS

WALL STREET

Enthusiasm begins to cool down

THE IMPLICATIONS of falling oil prices on Latin American economies cooled some of Wall Street's enthusiasm yesterday, writes Terry Byland in New York.

An attempt by stocks to renew their advance was checked after Mexico's Foreign Minister said some South American countries would meet this month to discuss the "commodity crisis."

Credit markets opened firmly as the Fed Open Market Committee (FOMC) met to discuss policy, but gains in bonds were trimmed. Market analysts expect the FOMC to leave credit policies unchanged and to allow falling oil prices to keep rates low in the short term.

At 3pm, the Dow Jones industrial average was 3.58 down at 1,622.82. There was heavy turnover in the big three motors stocks as Wall Street continued to forecast a recovery in sales over the next six months at lower oil prices and interest rates boosted customer demand.

General Motors, at \$78, gained a further 5 1/4%, with more than 1m shares traded at mid-session. Equally active were Ford, \$2 1/2% up at \$69 1/4 and Chrysler, \$1 1/4% up at \$53.

Both oil and bank stocks held steady despite the implications of falling oil prices. Exxon, encouraged by comment in the investment press, which drew attention to the company's record of riding out hard times, gained 3/4% to \$50 1/4. Technology stocks played a more subdued role than in recent sessions. IBM, down 5/8% at \$158 1/4, was heavily traded and tried to move forward at mid-session. Digital Equipment gave up 5/8% of recent gains to stand at \$158 1/4, while Burroughs, down 3/4% at \$69 1/4 and Honeywell, unchanged at \$78 1/4, saw little trade.

Eastman Kodak fell 3/4% to \$48 1/4 on heavy selling after reducing its profits forecast.

Semiconductor issues continued to hold firm, with Motorola gaining 3/4% to \$45 as the market again responded to reports of a recovery in semiconductor sales.

The money centre banks were mostly firm despite delays in Mexico's efforts to obtain new loans from the IMF as the fall in oil prices threatens debt interest payments.

Chase Manhattan gained 5/8% to \$73 1/4 and Citicorp \$1 to \$50 1/4. Wells Fargo gained a further 1 1/4% to \$75 1/4 as Wall Street continued to take a favourable view of the purchase of Crocker, the troubled Californian offshoot of Midland Bank of the UK.

Airlines showed a more mixed response to the renewed weakness in fuel prices. United jumped 1 1/4% to \$58 1/4 as the purchase of Pan Am's Pacific routes became effective. At \$9 1/4, Pan Am stock remained unchanged, just below the 52-week high.

The other domestic airlines turned

easier as some profits were taken. Northwest Air at \$48 1/4 shed 5/8%.

The NYSE actives were headed by Johnson & Johnson, which plunged sharply after Great Atlantic & Pacific, the major supermarket chain, removed Johnson's Tylenol product from sale following an unexplained cyanide poisoning death.

Other features included a strong surge in CBS, up 3 1/4% at \$118 1/4 following the profits statement. Mesa Petroleum added 3/4% to \$2 1/4 in heavy turnover after bidding for KN Energy, a natural gas and pipeline company. Texas Oil & Gas added 5/8% to \$14 1/4 as the merger with US Steel was consummated.

Press reports that sales at major retailers had slowed brought falls of 5/8% to \$40 1/4 in Sears, Roebuck, of 5/8% to \$38 1/4 in K mart and of 5/8% to \$66 1/4 in Federated Department Stores.

The latest dip in the US dollar continued to help pharmaceutical issues, although gains were modest. Merck edged up 5/8% to \$143 1/4 and Pfizer 3/4% to \$50 1/4.

A rise of \$1 to \$78 1/4 in McDonnell Douglas featured a strong defence/aerospace sector. Morton Thiokol eased 5/8% to \$33 1/4 as the enquiry into the shuttle disaster continued.

In the credit markets, the Fed acted to drain reserves by means of overnight matched sales - its first overt action in the market for several days. However, the move was regarded as technically motivated and not as a sign of any change of policy at the FOMC meeting.

Short-term rates eased again behind a federal funds rate at 7 1/4% per cent. In the bond market, prices rose sharply at first when petroleum futures gave ground but slipped off their best levels when retail interest remained thin.

EUROPE

Carnival, snowballs and peaks

DIVERGENT PATHS were taken in Europe yesterday as some centres snowballed their way to new peaks while others, satiated with Carnival excess, slid into a subdued backwater.

Milan gained further strength on the back of professional speculation with a particular penchant for blue-chip industrial, insurance and banking issues.

The prospect of short-term political uncertainty, against a background of the media extravaganza in the Palermo Mafia trials, was largely ignored by investors and many of the leading stocks that have been in the vanguard of the current rally were given an extra boost.

Fiat, certainly now one of the ever-green blue-chips among international buyers, crossed the L7,000 threshold for the first time with a L25 gain to L7,024. Saia, meanwhile, took this as a cue and dashed over the L6,000 boundary with its L1,111 rise to L6,055.

Montedison added to the previous session's modest advance with a L51 gain to L2,920.

The banking sector, although mixed by the close and more so in after-hour trading, saw Mediobanca sparkle with a dramatic L4,000 jump to a record L154,000.

Insurers staged a repeat performance of the previous session with Generali gaining L800 to L84,300 and Ras rising

L1,025 to L174,000. Toro continued lower with a further L250 setback to L29,800.

IFI, the holding company of the Agnelli family, picked up L460 to L16,100 while CIR, the De Benedetti holding group, held steady at L7,600 despite sharply higher 1985 results.

The Banca Commerciale index added 2.4 to a record 504.80.

In the bond market, secondary bond prices were little changed in stagnant trading.

Paris gathered momentum and finished at its third consecutive peak with

a 5.5 rise in the CAC General index at 293.6.

Long considered the Cinderella of the European bourses, recent heavy buying by foreigners seems certain to transform the short-term attractions of the French equity market. Yesterday's performance was as much attributable to Monday's record-breaking run in the world's three largest exchanges - Wall Street, Tokyo and London - as to the French industrial figures which focused domestic and overseas interest on the likely profit performance of some lead-

ing industrials during the current year.

Peugeot was one of the front runners, building on the previous session's sharp gains. The motor group's share price, which surged FFR 54 to FFR 890, has risen almost 14 per cent in two days.

The construction sector was active, but mixed, again.

Restricted trading in Frankfurt due to the pre-Lent Carnival festivities, inhibited any exuberant market display and most issues traded in a narrow range.

The Commerzbank index reflected the hesitant tone with its 3.6 slip to 2,027.5.

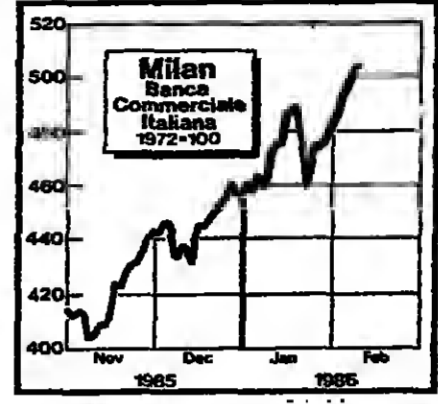
Commerzbank, under a cloud since its two-for-15 rights issues, recovered DM 6 to DM 308 while Deutsche Bank, one of the few to display any spirit on Monday, lost DM 2.50 to DM 797.

Hoechst was buoyed by recent successive falls in crude oil prices and thus feedstock costs. It surged 80 pf to DM 287 while Schering posted a DM 6 rise to DM 578 in response to a record 1985 profits.

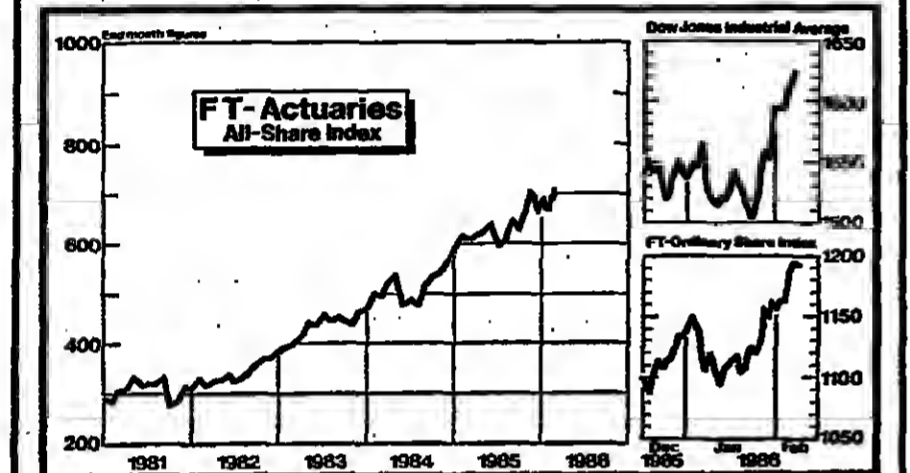
A flood of foreign interest in the bond market boosted prices by up to 30 basis points. Little domestic activity was evident. The Bundesbank sold a large DM 139.8m worth of paper compared with Monday's purchases of DM 9.5m.

Carnival took its toll in Amsterdam with Royal Dutch unsettling the otherwise slightly mixed mood. The oil group lost FI 4.20 to FI 166.20 and diversified chemicals to fibres group Akzo reversed early gains to finish FI 1.10 off at FI 163.70.

Brussels slipped back from its peak, Zurich lost more ground with setbacks for banks and insurers while Stockholm was buoyed by Ericsson results. The telecommunications company firm SKR 5 to SKR 266. Pedestrian trading again featured in a slightly higher Madrid.



KEY MARKET MONITORS



STOCK MARKET INDICES			
	Feb 11	Previous	Year ago
NEW YORK			
DJ Industrials	1,622.82	1,628.38	1,276.06
DJ Transport	764.48	767.92	621.24
DJ Utilities	178.50	178.28	149.31
S&P Composite	215.95	216.24	180.51
LONDON			
FT Ord	1,191.4	1,195.3	870.1
FT-SE 100	1,453.9	1,461.5	1,297.5
FT-A All-share	707.48	709.37	613.38
FT-A 500	776.03	776.89	689.35
FT Gold mines	326.7	328.3	489.7
FT-A Long gilt	10.53	10.53	10.84
TOKYO			
Nikkei	closed 13,226.07	12,008.00	
Tokyo SE	closed 1,959.80	924.45	
AUSTRALIA			
All Ord.	1,064.5	1,068.9	765.3
Metals & Mins.	514.6	520.0	431.6
AUSTRIA			
Credit Aktien	118.21	117.96	62.36
BELGIUM			
Belgian SE	3,039.55	3,049.54	2,155.7
CANADA			
Toronto			
Metals & Mins	2,188.4	2,215.2	2,184.0
Composite	2,773.2	2,792.9	2,602.7
Montreal			
Portfolio	135.2	136.85	130.88
DENMARK			
SE	n/a	227.12	174.26
FRANCE			
CAC Gen	293.6	288.1	199.2
Ind. Tendence	110.9	108.7	70.2
WEST GERMANY			
FAZ-Aktien	689.75	689.75	399.2
Commerzbank	2,027.5	2,031.1	1,161.4
HONG KONG			
Hang Seng	closed 1,734.04	1,357.94	
ITALY			
Banca Comm.	504.80	502.40	273.69
NETHERLANDS			
ANP-CBS Gen	254.4	266.2	200.4
ANP-CBS Ind	246.4	248.9	189.5
NORWAY			
Oslo SE	385.85	382.11	345.43
SINGAPORE			
Straits Times	closed 611.33	608.94	
SOUTH AFRICA			
JSE Golds	-	1,217.4	848.4
JSE Industrials	-	1,087.5	851.8
SPAIN			
Madrid SE	111.25	110.39	83.86
SWEDEN			
J & P	1,884.25	1,861.9	1,486.98
SWITZERLAND			
Swiss Bank Ind	581.8	584.1	417.2
WORLD			
MS Capital Int'l	Feb 10	Prev	Year ago
	265.3	263.7	197.1
COMMODITIES			
	Feb 11	Prev	
(London)			
Silver (spot fobg)	415.90p	422.65p	
Copper (cash)	\$980.00	\$996.00	
Coffee (Mar)	\$2,523.00	\$2,507.50	
Oil (spot Arabian Light)	n/a	n/a	
GOLD (per ounce)			
	Feb 11	Prev	
London	\$338.00	\$340.00	
Zurich	\$336.50	\$340.25	
Paris (Bldg)	\$336.82	\$341.19	
Luxembourg	\$337.75	\$338.50	
New York (April)	\$341.50	\$340.80	

LONDON

Gripped by oil price concerns

RESTRAINT GRIPPED London yesterday as North Sea oil prices moved sharply lower and stocks, which had initially improved, fell back throughout the session.

Brent crude dropped more than \$1 per barrel in the wake of weaker US oil futures.

Speculative high-fliers and situation stocks fell to light profit-taking and banking issues succumbed to concern over Central and Latin American debt problems.

But the main casualties were the oil majors; British Petroleum fell 1 1/2% to 550p while Shell gave up 1 1/2% to 653p.

The FT-SE 100 share index recovered in late trade to close 7.8 down at 1,453.9 and the FT Ordinary share index settled 3.9 off at 1,191.4 after rising to 1,197.7 at one stage.

Business in gilts contracted ahead of today's subscription for the new top stock. Conventional gilts eased a fraction but index-linked stocks made limited progress on light demand.

Chief price changes, Page 37; Details, Page 36; Share information service, Pages 34-35

AUSTRALIA

THE LIFELESS mood persisted in Sydney yesterday and stocks ended easier after light selling pressure.

The All Ordinaries share index faded 4.4 to 1,064.5 while the gold index gave up a substantial 16.2 to 922.8. Declines

Both Hong Kong and Singapore remained closed for the Chinese new year holiday.

outpaced advances 254 to 195 and turnover was light at 47.7m shares.

Industrials, which showed some promise on Monday, succumbed to profit-taking. As investors await news from Bell Resources on its partial bid for BHP, the latter dropped 4 cents to AS7.14 after 700,000 shares changed hands. Bell Resources eased 20 cents to AS5.00.

GMK was the heaviest loser among gold issues, ending 30 cents off at AS8.40. Kidston lost 12 cents to AS5.74, Remison 10 cents to AS5.20, while Posidon and Sons of Gwalia both shed 5 cents to AS2.05 and AS3.50 respectively.

News Corporation picked up all of its previous session's losses to close up 30 cents at AS12.50.

SOUTH AFRICA

GOLDS and other mining issues were easier in Johannesburg, depressed by the weaker bullion price and the firmer rand.

Southvaal gave up R1.50 to R112 and Free State Geduld shed 25 cents to R68.50. Shareholders of FS Geduld have agreed to the merger of its Orange Free State gold mines.

Elsewhere in the mining sector, Anglo American slid 30 cents to R40.50 but Gencor was steady at R35.25.

CANADA

WEAKNESS in resource issues hampered any upward movement in Toronto and most sectors were lower at mid-session.

Golds were hit by the lower bullion price. Les Minerals, which ended Monday's session CS1 firmer, traded CS% lower at CS36%.

TOKYO

Institutions poised to make comeback

INSTITUTIONAL INVESTORS, who were forced out of action until recently by the yen's sharp rise against the US dollar and an anticipated worsening of corporate profits, are now poised to return to the Tokyo stock market, writes Shigeo Nishikuni of Jiji Press.

The market regained strength early in February on aggressive buying by individual Japanese investors and securities house dealers, with the Nikkei average reaching peaks on five consecutive sessions from February 4 to February 10.

Institutions, such as life and non-life insurance companies and trust banks, dominated the bull market of last year with their net purchases of ¥11,110bn. Individuals and foreigners were sellers, with their sales outpacing purchases by ¥1,440bn and ¥1,050 respectively.

In the first four weeks of January, however, institutions' net purchases were a meagre ¥58.5bn and this accounted for the shrink in trading volume and the poor market performance early this year.

The absence from the market of many fund managers stemmed from fears of intensifying trade friction with the US and a decline in corporate earnings because of a stronger yen.

Instead, they shifted funds to higher-yielding, short-term financial instruments as the Bank of Japan's attempt to drive up interest rates sent bill discount

and call money rates to the 7 to 8 per cent range.

Many institutions are now returning to the stock market. Mr Hajime Hirashima, senior managing director of Nippon Life Insurance, which has net assets of more than ¥12,000bn, was direct about his company's eagerness to invest in the market. The group wants to earn about

The Tokyo stock market was closed yesterday because of a local holiday.

¥150bn from equities to cover dividend payments to policyholders and make good a value loss on dollar-denominated bonds worth ¥900bn, he said.

Institutional investors will have to divert their funds to the stock market, asserted Mr Yasuharu Yabuta, general manager, Investment Advisory Division of Mitsubishi Trust and Banking Corporation, which manages funds of ¥2,800bn, including ¥2,000bn from pensions.

Mr Yabuta cites three reasons for this belief: the halt in the yen's rise; the advantage of sharply falling oil prices for developed countries; as Wall Street surges through the 1,800 barrier, investors regard Tokyo shares as relatively low-priced.

He added that ahead of the Tokyo summit there is the possibility of Japan reconfirming its commitment to boost

domestic demand through another cut in the official discount rate. His company started buying large-capital shares such as Nippon Steel and blue chips such as Hitachi early in February.

Mr Yukio Nakatsuka, managing director of Daiwa Securities, who has close contact with institutional investors, described the rally in early February as a sign that investors' concern over the likely impact on the economy of the yen's advance and lower crude oil prices had eased. He also believes that institutional investors' attention will gradually return to the stock market.

But many institutions remain cautious. Mr Yabuta agrees with the general market view that the Nikkei average will not find it difficult to break through the 1,800 level. But the index should peak in June and then fall sharply toward the end of the year, he said.

The fact that foreign buying has failed to swell despite the yen's sharp appreciation since late last year may indicate that the stock market has entered a stage of maturing, said Mr Tadashi Kusumoto, vice-president of Nomura International Capital Management, which has ¥1,100bn under management.

At any rate, the fortunes of the Tokyo stock market this year are bound to depend much on institutional investors, whose combined share of market turnover is in excess of 50 per cent.

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A.\$75,000,000
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Application has been made to the Council of The Stock Exchange for the Notes to be issued at 100% in denominations of A.\$1,000 to be admitted to the Official List. Interest will be payable annually in arrears on 24th February, in each year from and including 24th February, 1986. The first interest payment will be made on 24th February, 1987.

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12th February, 1986